

Board of Trustee (Special)

Thu 15 July 2021, 10:30 - 12:30

Agenda

1. Welcome & Introductions

Charles Janczewski

1.1. Apologies for Absence

Charles Janczewski

1.2. Declarations of Interest

Charles Janczewski

1.3. Minutes of the Trustee Meeting held on 26 January 2021

Charles Janczewski

 1.3 Unconfirmed Minutes of the Meeting January 2021 - AF.NF.pdf (10 pages)

1.4. Action Log following meeting held on 26 January 2021

Charles Janczewski

 1.4 Action Log from January 2021.pdf (2 pages)

1.5. Chair's Action taken since last meeting

Charles Janczewski

2. Items for Review & Assurance

2.1. Horatio's Garden Update


Fiona Jenkins

 2.1 Board trustees Horatio's Garden Update July 21.pdf (3 pages)

3. Items for Approval/Ratification

3.1. Terms of Reference - CFC

Nicola Foreman


 3.1 Terms of Reference - covering report.pdf (2 pages)

 3.1a CFC ToRs March 2021.pdf (8 pages)

3.2. Work Plan - CFC

Nicola Foreman

 3.2 Covering report - work plan 2021.22.pdf (2 pages)

 3.2a Charitable Funds Committee Work Plan 2021.22.pdf (2 pages)

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4. Items for Noting & Information

4.1. Health Charity Current Financial Position

Christopher Lewis

 4.1 Trustee meeting - Financial Position Report to May 2021.pdf (5 pages)

4.2. Chair's Reports:

Akmal Hanuk

i) Charitable Funds Committee – 16.03.21

ii) Charitable Funds Committee - 29.06.21

 4.2a Chairs Report 16.03.21.pdf (5 pages)


 4.2b CFC Chairs Report 29.06.21.pdf (5 pages)

5. Items for Discussion

5.1. Rookwood Update


Fiona Jenkins

 5.1 Disposal of Rookwood Hospital.pdf (4 pages)

 5.1a Appendix 1 - Disposal of Rookwood Trustee Meeting June 2019 AH (1).pdf (12 pages)

 5.1b Appendix 1 (cmpt) - Disposal of Rookwood Trustee Meeting June 2019 AH (2).pdf (68 pages)

 5.1c Appendix 2.pdf (11 pages)

 5.1d Appendix 3 Disposal of Rookwood Hospital.pdf (4 pages)

5.2. New Developments - Charity

Joanne Brandon

6. Any Other Business

Charles Janczewski

7. Review of the Meeting

8. Date and time of next meeting

Thursday 23 September 2021 - 10am

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Unconfirmed Minutes of the Board of Trustee Meeting
Tuesday 26th January 10am
Via MS Teams

Present

Charles Janczewski	CJ	Trustee & UHB Chair
Gary Baxter	GB	Trustee & Independent Member - University
Eileen Brandreth	EB	Trustee & Independent Member – ICT
Martin Driscoll	MD	Trustee & Executive Director of Workforce & Organisational Development
Susan Elsmore	SE	Trustee & Independent Member – Local Authority
Akmal Hanuk	AH	Trustee & Independent Member - Community
Abigail Harris	AH	Executive Director Strategic Planning
Michael Imperato	MI	Trustee, UHB Vice Chair & Independent Member – Legal
Fiona Jenkins	FJ	Trustee & Executive Director of Therapies & Health Sciences
Fiona Kinghorn	FK	Trustee & Executive Director of Public Health
Christopher Lewis	CL	Trustee & Interim Executive Director of Finance
Sara Moseley	SM	Trustee & Independent Member – Third Sector
Dr Rhian Thomas	RT	Trustee & Independent Member – Capital and Estates

In Attendance:

Joanne Brandon	JB	Director of Communications
Nicola Foreman	NF	Director of Corporate Governance
Mark Jones	MJ	Engagement Lead – Audit Wales
Gareth Rees	GR	Principle Auditor - Audit Wales

Secretariat:

Nathan Saunders	NS	Corporate Governance Officer
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Apologies:

Steve Curry	SC	Trustee & Chief Operating Officer
Len Richards	LR	Trustee & Chief Executive Officer
John Union	JU	Independent Member - Finance
Ruth Walker	RW	Trustee & Executive Nurse Director
Dawn Ward	DW	Trustee & Independent Member – Trade Union

BT 21/01/001	Welcome & Introductions The UHB Chair welcomed everyone to the meeting in English and Welsh.	Action
BT 21/01/002	Apologies for Absence Apologies for absence were noted.	
BT 21/01/003	Declarations of Interest There were no declarations of interest noted.	

BT 21/01/004	<p>Minutes of the Committee Meeting held on 17th November 2020</p> <p>Resolved that:</p> <p>a) The Trustee approved the minutes as an accurate and true record of the meeting held on 17th November 2020.</p>	
BT 21/01/005	<p>Action Log following the Meeting held on 17th November 2020</p> <p>The UHB Chair advised the Trustees that there were 2 completed items and 2 items in progress which would be discussed at the meeting.</p>	
BT 21/01/006	<p>Chair's Action taken since last meeting</p> <p>No Chair's Action had been taken since the last meeting.</p>	
BT 21/01/007	<p>Financial Position Report & Update on Dormant Funds</p> <p>The Interim Executive Director of Finance (IEDF) advised the Committee the purpose of the report was threefold:</p> <ol style="list-style-type: none"> 1) To Advise the Trustee what the financial position had been up to the 31st December; 2) To provide an update on dormant funds; and 3) To relook at the commitments against general reserves and provide an update. <p>The IEDF advised the Trustee for the period to 31st December, the charity had generated £1.770m of income and spent £1.490m giving a net income of £280K for the period. He added that the market value of the charity's investments had increased and for the year to date stood at £838K.</p> <p>It was noted that the worth of the charity had increased by £1.118m to £10.055m and that the financial performance had been particularly strong.</p> <p>The Trustee was advised that the investment portfolio started the financial year with a market value of £5.499m which had increased steadily to £6.337m by the end of December 2020.</p> <p>The IEDF advised the Trustee of the Dormant Fund Situation and reminded the Trustee that at the meeting held in July 2020 a policy had been agreed on unrestricted dormant funds so that funds which had been dormant for 2 financial years, the fund owners for which could not produce an expenditure plan, would be transferred to general reserves.</p>	

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It was noted that there was £145K available to be transferred into the general reserve and that the intention was to notify the appropriate fund holders that the accounts would be closed and funds transferred to general reserves.

The IEDF advised the Trustee that he would notify restricted fund holders that there was a requirement to put expenditure plans in place so that the funds would be properly applied.

The consolidated general reserve fund, year to date investment gains and transfer of dormant funds provided a general reserve value of £1.431m against commitments of £1.052m..

A surplus on the general reserve of £379K was noted and the IEDF urged caution before the money was spent and for the Trustee and Charity to remain prudent to ensure there would be no overspend.

The Independent Member – Capital and Estates (IMCE) asked the IEDF what control mechanisms were in place to ensure that the funds were not overcommitted.

The IEDF responded that anything over a delegated value would go to the Charitable Funds Committee and that anything above that would go to the Board of Trustees for sign off. The Board of Trustees had also agreed that it would receive a finance report at the beginning of each meeting so it could keep track on the total value of the charity and commitments against reserves which would also include longer term commitments.

The Independent Member – Local Authority (IMLA) asked what time periods would be considered when looking at the commitments against the general reserve.

The IEDF responded that a lot of the recovery had been driven by the value of the investment portfolio and that expert advice from investment fund managers would be taken before committing funds.

The UHB Chair asked the IEDF that the financial position be monitored at every CFC meeting to ensure that no agreement would be made that would lead to an overspend.

The Director of Communications (DC) advised the Trustee that from the operational running of the charity, a business manager had been appointed who worked closely with the finance team which allowed the charity to track and monitor bids that were received.

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	<p>It was noted that there was now a much more stringent process in place to horizon scan and understand the Charity's financial position and ability to support bids.</p> <p>The Independent Member - University (IMU) asked how outstanding commitments would be reviewed and monitored and whether there were expectations of delayed spend or underspend.</p> <p>The IEDF responded that the position was monitored every time a report was written so that the amounts available would be refreshed following each report.</p> <p>The IEDF advised the Trustee of the importance of noting that a lot of money had been received off the back of COVID-19 and the charity were in a very good position and would not need to call on the general reserves.</p> <p>The UHB Chair highlighted that he had hoped that more money would have been generated from Dormant Funds but he was pleased to note that there had been 43 responses on the unrestricted funds and 5 on the restricted funds.</p> <p>The IEDF advised that that there were plans to utilise those restricted and unrestricted funds where responses had been received and whilst the team did not expect the funds to be fully exhausted immediately there was a need to ensure that the funds were being spent on what they were intended for.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> a) The Trustees noted the financial position of the Charity. b) The Trustees noted the progress made on dormant funds. c) The Trustees noted the commitments against general reserves 	
<p>BT 21/01/008</p> <p style="transform: rotate(-45deg); transform-origin: left bottom;">Saunders, Nathan 07/08/2021 15:54:28</p>	<p>Charitable Funds Annual Report & Accounts 2019/20</p> <p>The IEDF advised the Trustee that the annual report, which included the annual accounts, had been considered by the Charitable Funds Committee (CFC) in November.</p> <p>It was noted that the final version of the annual report and the ISA 260 from Audit Wales had not been reviewed by the CFC and so the Trustee was asked to:</p> <ul style="list-style-type: none"> • Receive and consider for approval, the Health Charity Annual Report 2019/20. 	

- Receive and consider for approval the response provided to the audit enquiries to those charged with governance and management.
- Receive and consider the Letter of Representation and the ISA 260 Audit Report.

The IEDF advised the Trustee that assurance on the accuracy of the documents could be gained by the work that had been completed by Audit Wales in determining that the Health Charity's Annual Report and Accounts had given a true and fair view, The Letter of Representation that needed to be sent to Audit Wales and the response given to the audit enquiries.

It was noted that the value of the charity had reduced significantly over the year which had been difficult to manage that there had been a loss in investments of £600K.

The IEDF advised the Trustee that there had also been a £600K reduction in legacies income so both donations and legacies had reduced as well as a loss in the market which resulted in ending the year with a carry forward value of the charity of £8.937m.

It was noted that the current value of the charity stood at over £10m and had seen a much better income received in regards to donations and large upturn in the market.

The Trustee was advised that the response to the Audit enquiries had been endorsed by the Chief Executive, the Chair of the Charitable Funds Committee, the Chair of the Audit Committee, the Director of Corporate Governance (DCG), the Executive lead for the charity and himself. It had also been submitted to Audit Wales.

The IEDF advised the Trustee that the ISA 260 report included a final letter of representation which also needed to be approved and submitted alongside the accounts.

The Engagement Lead – Audit Wales (ELAW) advised the Trustee that the key outcome was that Audit Wales intended to issue an unqualified audit opinion on the accounts.

It was noted that materiality was £49K and that the figure was lower for related parties, which was not in the report and stood at £5K.

The ELAW advised the Trustee that within the report the auditor drew attention to a disclosure in the accounts that showed an additional disclosure around property fund investments at £495K which was within the equity investments limit of £5.1m.

The Trustee was informed that there were no uncorrected misstatements in the accounts.

It was noted that there was a recommendation within the report about the Rookwood Hospital site and its £2.476m valuation. The recommendation

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	<p>stated that the valuation was in the accounts but it was not recorded in the ledger and would need to be.</p> <p>The ELAW advised the Trustee that the accounts were scheduled to be certified on Friday 29th January following which they would be sent to the charity commission.</p> <p>The UHB Chair thanked everybody involved in the charity and thanked Audit Wales for the work they had undertaken.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> a) The Board of Trustee considered the Cardiff and Vale Health Charity Annual Report for 2019/20, the response provided to the audit enquiries to those charged with governance and management, the Letter of Representation and ISA 260 Report from Audit Wales. b) The Board of Trustee recommended the approval of the Charity's Annual Report 2019/20 based on the assurances given and the recommendation of Audit Wales. c) The Board of Trustee confirmed the statement made in the letter of representation. 	
<p>BT 21/01/009</p> <p style="transform: rotate(-45deg); transform-origin: left bottom;">Saunders, Nathan 07/08/2021 15:54:28</p>	<p>Horatio's Garden – Consideration of Funding Proposals</p> <p>The Executive Director of Therapies & Health Sciences (EDTHS) reported that CVUHB had been working well with the Horatio's Garden Charity and the Capital and Estates team to set out the requirements for the preliminary work needed for the garden.</p> <p>It was noted that meetings were being held with Geoff Walsh from Capital and Estates and the Specialist Services team who had agreed to keep to the timeline of May 2021.</p> <p>The Trustee was advised that the allocated funds had been agreed to be spent on the construction of a "pocket forest" and that the charity would undertake the maintenance of that.</p> <p>The EDTHS advised the Trustee that there had been some challenge around what would be done in the time between the handover of the site to the UHB on February 15th and the limited time left for the contractors to do some of the preliminary work. She noted that some of the preliminary work would be noisy and it was preferred that the patients were not in the hospital area when the work was being undertaken.</p> <p>It was noted that discussions had taken place with the fire officer about the access required for evacuation and the construction of a path that would be required for that.</p> <p>The EDTHS advised the Trustee that the UHB would undertake some of the preliminary work which would enable the UHB to work with current</p>	

<p style="transform: rotate(-45deg); transform-origin: left bottom;">Saunders, Nathan 07/08/2021 15:54:28</p>	<p>contractors rather than charity contractors. Once the preliminary work had completed, the charity would take over with their own contract.</p> <p>The EDSP advised the EDTHS that the cost (£60K) of the work agreed upon would be taken from the discretionary capital fund which would be discussed at the capital management group the following week.</p> <p>The UHB Chair advised the Trustee that in earlier correspondence there had been the suggestion the work had not been completed to the right standard and asked if the work being undertaken was corrective action.</p> <p>The EDTHS responded that work had not started and what was intended was to put in a designated path to enable fire exits.</p> <p>The IMCE noted that the Horatio's Garden project appeared very complicated and asked if a summary could be produced as part of the Action Log. The EDSP responded that a plan would be provided at the next Board of Trustee meeting.</p> <p>The Independent Member – Third Sector (IMTS) advised the Trustee that there was concern around investment from capital allocation.</p> <p>The UHB Chair responded that it was the right observation to make and advised that the charity had committed £500K to the project and additional monies from charitable funds would not be welcomed at that point.</p> <p>The IMU advised the Trustee of 2 observations he had made.</p> <ol style="list-style-type: none"> 1) He was surprised that something fundamental like site drainage had not been anticipated ; and 2) He would have expected a contingency sum to accommodate additional expenditure. <p>The UHB Chair responded that they were reasonable observations and that the project had moved forward quite quickly so thanked the EDTHS for bringing everything together. He added that in the future, a project of that size would need to be project managed.</p> <p>The IMC asked if the £60K mentioned by the EDSP from capital would impact on the services that need doing, for example, lifts being fixed and any other more immediate issues.</p> <p>The EDSP responded that it was difficult with projects like Horatio's Garden because they involved organisations who are very well intended but leave gaps in the detail, which require rectification and additional funding at later dates. She noted that learning would need to be taken to be applied to future projects.</p> <p>It was noted that CVUHB would receive a far superior product with Horatio's Garden's input and that consideration needed to be given to the</p>	<p>FJ / NS</p>
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	<p>capital and estates team who had worked very hard during the COVID-19 pandemic.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> a) The Board of Trustee supported the revised use of the pocket forest revenue allocation b) The Board of Trustee noted the risk to the project progressing, and reputational risk. c) The Board of Trustee considered any further actions required following the update received from 14th January letter. 	
BT 21/01/010	<p>Bale Family Communication Update – Approval of bids</p> <p>The DC advised the Trustee that there had been a Charitable Funds Committee Meeting on 17th November and that 3 bids against the Bale Family donation.</p> <ul style="list-style-type: none"> 1) Proactive Wellbeing Support for Staff and Managers - £282,000 2) Provision of a Staff Haven at University Hospital Wales - £54,000 3) Long Covid-19 Rehabilitation: Keeping Me Well and Recovery - £164,000 <p>It was noted that all of the agreed outcomes had started and were well in train.</p> <p>The DC advised the Trustee that the Health Charity had been asked to contact Mr and Mrs Bale which was done via the UHB Chair on 27th November. It was noted that the communication had been followed up on a number of occasions but there had been no response.</p> <p>She added that the Communications team had assumed that non-correspondence meant that the Bale Family had been in agreement with moving forward.</p> <p>The UHB Chair advised the Trustee that now Gareth Bale was back in the UK there should be a better chance of response.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> a) The Board of Trustee received the updated report on the Bale Fund projects allocation and communication. 	

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BT 21/01/011	<p>Update on the NHS Charities Spend</p> <p>The DC provided the Trustee with an overview of what the Health Charity had spent money on that year and gave assurance that the had gone to right places with the Health Charity being pragmatic when working with clinical boards and the third sector.</p> <p>The DC advised the Trustee that the Health Charity had received in total £1,004,500. At the time of the meeting one bid remained, £40K for furniture to be provided to St. Davids Hospital.</p> <p>The Bid had been discussed at the previous Board of Trustee meeting and the Bidder was to revise their bid and resubmit. Approval of the bid was needed from the CFC or by Chairs Action to release the funds.</p> <p>The DC advised the Trustee that all the money from NHS Charities Together had been spent, there was just over £52K left in the Make it Better fund and all of the funds from the Bale Family had been allocated.</p> <p>The Trustee was advised that since the paper was submitted a further £56K from NHS charities had been received and had been allocated to the Patient Experience team.</p> <p>The Charity were waiting for stage 2 and stage 3 funding from NHS Charities together and if the bids were successful would generate a further £220K from stage 2 funding and a further £385K from stage 3 funding.</p> <p>The DC advised the Trustee that the Charity had attempted to allocate funds as soon as they were received and the bid process had sped up considerably.</p> <p>The UHB Chair thanked the DC for the report and comprehensive update. He added that when looking at the third sector, it was good to see how much benefit could be generated with relatively small amounts of money.</p> <p>Resolved that:</p> <p>a) The Board of Trustee received the update on the NHS Charities Spend.</p>	
BT 21/01/012	<p>Review of the Meeting</p> <p>The UHB Chair invited the Trustee to comment on the meeting. No issues were raised.</p>	
BT 21/01/013	<p>Any Other Business</p> <p>No other business was raised.</p>	
BT 21/01/014	<p>Date & Time of Next Meeting</p> <p>Thursday 15th July 2021</p>	

	10:00am – 12:30pm	
	Via MS Teams	

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Action Log
Following Board of Trustee Meeting held on
26th January 2021
(Update for July Special Meeting)

MINUTE REF	SUBJECT	AGREED ACTION	LEAD	DATE	STATUS/COMMENT
Actions Completed					
BT 20/09/008	Update on Dormant Funds	To provide an update on expenditure plans received in October 2020 and financial impact on supporting the general reserves	Christopher Lewis	26/01/21	COMPLETE On agenda for 26/01/21
BT 20/11/008	Writing to Bale Family	Write to the Bale Family confirming the funding of bids and placing the information into the public domain, thanking them for their support pending discussion with their agents about spreading the money further across the UHB.	Joanne Brandon	26/01/21	COMPLETE On agenda for 26/01/21
Actions In Progress					
BT 21/01/009	Horatio's Garden Project – Summary	The IMCE noted that the Horatio's Garden project appeared very complicated and asked if a summary could be produced	Fiona Jenkins	23.09.21	To be provided at September Meeting
Actions referred to Committees of the Board/Board Development					

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Report Title:	2.1 Horatio's Garden update						
Meeting:	Charitable Funds Board of Trustees Committee				Meeting Date:	15 July 2021	
Status:	For Discussion		For Assurance	√	For Approval		For Information
Lead Executive:	Fiona Jenkins Executive Director Therapies and Health Science						
Report Author (Title):	Fiona Jenkins Executive Director Therapies and Health Science and SRO Horatios Garden project						

Background and current situation:

Horatio's Garden is an award winning National Charity building specialist garden environments to enhance physical and psychological wellbeing or spinal injury patients, this will be a first for patients and the Health Board in Wales and is considered an exemplar in its field.

The charitable funds committee has agreed to contribute to the design and support the build of Horatio's Garden at University Hospital, Llandough (UHL), the sixth garden in the UK and the first garden in Wales. The building schedule for the garden has been scheduled to complete elements before patients moved into the new facility in May and ongoing work to continue during the summer and autumn.

An update on the position with Horatio's Garden was taken to the Charitable Funds Committee on in July, and September 2020 and most recently in January 2021.

Decisions made so far include:

- A commitment has been made through a letter of agreement between the former UHB Chair and Horatio's Garden, to fund the neuro garden alongside the spinal garden /Horatio's Garden.
- The Health Charity has committed £500,000.00 to Horatio's Garden and to fund 21% of the costs associated with the neuro garden (which is £191,688.00 with an annual cost of £9,418.00 per annum for maintenance up to a maximum of 10 years.)

In September further support from the Health Charity was given for:

- £132,188 for the neuro garden and £9,418.00 per annum for the ongoing maintenance of the garden
- Funding for a new entrance at UHL (via the Maternity Unit) providing a pocket forest for NHS staff which would cost £59,500.00.

There has been ongoing and regular discussion between the (Senior Responsible Officer on behalf of the Board of Trustee, Director of the Charity, Head of Capital Estates team, Specialist Services operations manager and the Director of the Cardiff and Vale UHB Charity.

Delays in agreeing the schedule of works and design between the Charity and the Capital Estates team required ongoing dialogue and support given by the capital estates team to enable the garden project to get underway prior to patients moving into the unit.

Executive Director Opinion /Key Issues to bring to the attention of the Board/ Committee

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- to:
- **NOTE** to the agreed revenue allocation by the Charity for this development
 - **NOTE** that building work and construction is progressing, and nothing untoward to bring to the attention of the committee at this time.



Assessment and Risk Implications (Safety, Financial, Legal, Reputational etc:)

Reputational risk to the UHB and HR charity of the project not progressing and delivering to time

Recommendation:

The Charitable Funds Board of Trustees is asked to:

NOTE the Horatio garden project is progressing and we will be notified of an official opening date once this is confirmed

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB’s objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people	√	7. Be a great place to work and learn	√

3. All take responsibility for improving our health and wellbeing	√	8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	
Five Ways of Working (Sustainable Development Principles) considered <i>Please tick as relevant, click here for more information</i>			
Prevention	√	Long term	√
Integration	√	Collaboration	√
Involvement	√		
Equality and Health Impact Assessment Completed:	No		

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Report Title:	Charitable Funds Committee – Terms of Reference						
Meeting:	Board of Trustee Meeting				Meeting Date:	15 July 2021	
Status:	For Discussion	<input checked="" type="checkbox"/>	For Assurance	<input type="checkbox"/>	For Approval	<input checked="" type="checkbox"/>	For Information
Lead Executive:	Director of Corporate Governance						
Report Author (Title):	Director of Corporate Governance						

Background and current situation:

In line with the UHB's Standing Orders, Terms of Reference for Committees of the Board, should be reviewed on an annual basis.

This report provides the Board of Trustee with the opportunity to review the Terms of Reference following submission to the Board acting as Charity Trustee for approval in March 2021.

Executive Director Opinion /Key Issues to bring to the attention of the Board/ Committee:

The Terms of Reference for the Charitable Funds Committee were last reviewed in March 2020 and approved by the Charity Trustee in March 2020 therefore, only a few changes have been recommended.

Assessment and Risk Implications (Safety, Financial, Legal, Reputational etc:)

The Terms of Reference for the Charitable Funds Committee have been reviewed by the Director of Corporate Governance. There are a limited number of changes to the document, these have been tracked and left in the draft so Trustees can identify the changes that have been made since approval by the Charity Trustee in March 2021.

Recommendation:

The Board of Trustee is asked to:

NOTE the changes to the Terms of Reference for the Charitable Funds Committee and take **ASSURANCE** the changes were approved by the Board.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

- | | | | |
|-------------------------------|--------------------------|--|--------------------------|
| 1. Reduce health inequalities | <input type="checkbox"/> | 6. Have a planned care system where demand and capacity are in balance | <input type="checkbox"/> |
|-------------------------------|--------------------------|--|--------------------------|

2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	x
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered
Please tick as relevant, click [here](#) for more information

Prevention	x	Long term		Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Yes / No / Not Applicable
If “yes” please provide copy of the assessment. This will be linked to the report when published.



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Charitable Funds Committee

Terms of Reference

Reviewed at the Charitable Funds Committee 16th March 2021
Approve by the Board: 25th March 2021

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GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

1. INTRODUCTION

- 1.1 The University Health Board (UHB) standing orders provide that *“The Board may and, where directed by the Welsh Government must, appoint Committees of the UHB either to undertake specific functions on the Board’s behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board’s commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees”*.
- 1.2 In accordance with standing orders (and the UHB Scheme of Delegation), the Board shall nominate annually a committee to be known as the **Charitable Funds Committee**. The detailed terms of reference and operating arrangements set by the Board in respect of this committee are set out below.

2. PURPOSE

- 2.1 Cardiff and Vale University Health Board was appointed as Corporate Trustee (herein after referred to as Charity Trustee) of its charitable funds and the Board serves as its agent in the administration of the charitable funds held by the UHB.
- 2.2 The purpose of the Charitable Funds Committee (the Committee) is to:
- Provide advice to the Charity Trustee in the discharge of its duties and responsibilities for charitable funds
 - Discharge delegated responsibilities from the Charity Trustee for the control and management of Charitable Funds.
- 2.3 Provide advice and assurance to the Charity Trustee on the delivery of the Charitable Funds Strategy, including fundraising, budgets, priorities and spending criteria.
- 2.4 Within the strategy and budget determined by the Trustee and consistent with the requirements of the Charities Act 1993, Charities Act 2006 (or any modification of these acts) to apply the charitable funds in accordance with their respective governing documents and the UHB Charitable Funds Governance Framework
- 2.5 To ensure that the policies and procedures for charitable funds investments are followed. To make decisions involving the sound investment of charitable funds in a way that both preserves their value and produces a proper return consistent with prudent investment and ensuring compliance with:-
- Trustee Act 2000
 - The Charities Act 1993

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- The Charities Act 2006
 - The Charities Act 2011
 - The Charities Act 2016
 - Terms of the Funds' Governing documents
- 2.6 To receive at least twice a year, reports for ratification from the Executive Director of Finance on investment decisions and action taken through delegated powers upon the advice of the investment adviser.
- 2.7 To oversee and monitor the functions performed by the Executive Director of Finance as defined in Standing Financial Instructions.
- 2.8 To monitor the progress of Charitable Appeals where these are in place and considered to be material.
- 2.9 To monitor and review the scheme of delegation for Charitable Funds expenditure and to set and reflect in Financial Procedures the approved delegated limits for expenditure from Charitable Funds.
- 2.10 To monitor the work of the Charitable Bids Panel

3. DELEGATED POWERS AND AUTHORITY

Delegated Powers and Duties of the Director of Finance

- 3.1 The Executive Director of Finance has financial responsibility for the UHB Charitable Funds as defined in the UHB Standing Financial Instructions. The specific powers, duties and responsibilities delegated to the Director of Finance are:-
- Administration of all existing charitable funds;
 - To identify any new charity that may be created (of which the UHB is trustee) and to deal with any legal steps that may be required to formalise the trusts of any such charity ;
 - Provide guidelines with regard to donations, legacies and bequests, fundraising and trading income;
 - Responsibility for the management of investment of funds held on trust;
 - Ensure appropriate banking services are available;
 - Prepare reports to the Trustee including the Annual Accounts;

Authority

- 3.2 The Committee is empowered with the responsibility for:-

- Overseeing the day to day management of the investments of the charitable funds in accordance with the investment strategy set down from time to time by the Trustee and the requirements of the UHB Standing Financial Instructions;
- The appointment of an investment manager to advise it on investment matters and may delegate day-to-day management of some or all of the investments to that investment manager. In exercising this power the Committee must ensure that:
 - a) The scope of the power delegated is clearly set out in writing and communicated with the person or persons who will exercise it;
 - b) There are in place adequate internal controls and procedures which will ensure that the power is being exercised properly and prudently;
 - c) The performance of the person or persons exercising the delegated power is regularly reviewed;
 - d) Where an investment manager is appointed, that the person is regulated under the Financial Services Act 1986;
 - e) Acquisitions or disposal of a material nature must always have written authority of the Committee or the Chair of the Committee in conjunction with the Executive Director of Finance;
- Ensuring that the banking arrangements for the charitable funds are kept entirely distinct from the UHB NHS funds;
- Ensuring that arrangements are in place to maintain current account balances at minimum operational levels consistent with meeting expenditure obligations, the balance of funds being invested in interest bearing deposit accounts;
- The amount to be invested or redeemed from the sale of investments shall have regard to the requirements for immediate and future expenditure commitments;
- The operation of an investment pool when this is considered appropriate to the charity in accordance with charity law and the directions and guidance of the Charity Commission. The Committee shall propose the basis to the UHB for applying accrued income to individual funds in line with charity law and Charity Commissioner guidance;

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- Obtaining appropriate professional advice to support its investment activities;
- Regularly reviewing investments to see if other opportunities or investment services offer a better return;
- Overseeing the work of the Charitable Funds Bids Panel

3.3 The Committee is authorised by the Charity Trustee to:

- Investigate or have investigated any activity within its Terms of Reference and in performing these duties shall have the right, at all reasonable times, to inspect any books, records or documents of the UHB relevant to the Committee's remit. It can seek any relevant information it requires from any employee and all employees are directed to co-operate with any reasonable request made by the Committee;
- Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject to the Charity Trustee's budgetary and other requirements; and
- By giving reasonable notice, require the attendance of any of the officers or employees and auditors of the Charity Trustee at any meeting of the Committee.

Access

3.4. The Head of Internal Audit shall have unrestricted and confidential access to the Chair of the Committee.

Sub Committees

3.5. The Charity Trustee has approved the following sub-committees of the Charitable Funds Committee:

- Charitable Funds Bids Panel
- Staff Benefits Group

4. MEMBERSHIP

Members

A minimum of six (6) members, comprising:

Chair	Independent Member of the Charity Trustee
Vice Chair	Independent Member or Members of the Charity Trustee

Members A minimum of 4 other members of the Charity Trustee as follows:

Independent Member
Executive Nurse Director (Lead Executive)
Executive Director of Workforce and OD
Executive Director of Therapies and Health Science

At least half of the overall membership must be Independent Members.

Attendees

4.2. The Committee may require the attendance for advice, support and information routinely at meetings from:

- Director of Communications, Arts, Health Charity and Engagement
- Director of Corporate Governance
- Deputy Director of Finance
- Charitable Funds Accountant
- UHB Investment Advisor
- Chair of Charitable Funds Bids Panel
- Chair of Staff Benefits Group / Vice Chair of Charitable Bids Panel

4.3. By invitation:

The Committee Chair may extend invitations to attend committee meetings to others from within or outside the organisation who the committee considers should attend, taking account of the matters under consideration.

Secretariat

4.4 Secretary: as determined by the Director of Corporate Governance

Member Appointments

4.5 The membership of the Committee shall be determined by the Charity Trustee, based on the recommendation of the Chair of the Charity Trustee- taking account of the balance of skills and expertise necessary to deliver the committee's remit and subject to any specific requirements or directions made by the Welsh Government.

4.6 Terms and conditions of appointment, (including any remuneration and reimbursement) in respect of co-opted independent external members are determined by the Charity Trustee, based upon the recommendation of the Charity Trustee Chair {and, where appropriate, on the basis of

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advice from the UHB Remuneration and Terms of Service Committee}.

Support to Committee Members

4.7 The Director of Corporate Governance on behalf of the Committee Chair, shall:

- Arrange the provision of advice and support to committee members on any aspect related to the conduct of their role; and
- Ensure the provision of a programme of development for committee members in conjunction with the Deputy CEO and Executive Director of Workforce and Organisational Development.

5. COMMITTEE MEETINGS

Quorum

5.1 At least three members must be present to ensure the quorum of the Committee. Of these three, two must be Independent Members (one of whom is the Chair or Vice Chair) and one must be the Executive Lead for Charitable Funds.

Frequency of Meetings

5.2 Meetings shall be held quarterly and otherwise as the Committee Chairs deems necessary - consistent with the UHB annual plan of Board Business.

Withdrawal of Individuals in Attendance

5.3 The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

6. RELATIONSHIP AND ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES/GROUPS

6.1 The Committee is directly accountable to the Board, in its capacity as Trustee, for its performance in exercising the functions set out in these terms of reference.

6.2. The Committee, through its Chair and members, shall work closely with the Board's other committees and groups to provide advice and assurance to the Board through the:

- Joint planning and co-ordination of Board and Committee business; and

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- Appropriate sharing of information

In doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the UHB overall risk and assurance framework.

- 6.3 The Committee shall embed the UHB's values, corporate standards, priorities and requirements, e.g., equality, diversity and human rights through the conduct of its business.

7. REPORTING AND ASSURANCE ARRANGEMENTS

- 7.1 The Committee Chair shall agree arrangements with the UHB Chair to report to the Board in their capacity as Trustee. This may include, where appropriate, a separate meeting with the Board.

- 7.2 The Director of Corporate Governance, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation.

8. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

- 8.1 The requirements for the conduct of business as set out in the UHB Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum

9. REVIEW

- 9.1 These terms of reference and operating arrangements shall be reviewed on an annual basis by the Committee with reference to the Charity Trustee

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Report Title:	Charitable Funds Committee – Annual Workplan 2021-22						
Meeting:	Board of Trustee Meeting				Meeting Date:	15 July 2021	
Status:	For Discussion		For Assurance		For Approval	x	For Information
Lead Executive:	Director of Corporate Governance						
Report Author (Title):	Director of Corporate Governance						

Background and current situation:

The purpose of the report is to provide the Board of Trustee with the opportunity to review the Charitable Funds Committee Work Plan 2021/22 following presentation to the Board for approval.

The work plan for the Committee should be reviewed on an annual basis to ensure that all areas within its Terms of Reference are being delivered.

Executive Director Opinion /Key Issues to bring to the attention of the Board/ Committee:

The work plan for the Charitable Funds Committee has been developed based upon the requirements set out in its Terms of Reference. It ensures that the Committee will advise and assure the Charity Trustee on whether effective governance and assurance arrangements are in place.

Recommendation:

The Board of Trustee is asked to:

REVIEW the Work Plan 2021/22;

APPROVE the Work Plan 2021/22;

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities	x	6. Have a planned care system where demand and capacity are in balance	x
2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	x
3. All take responsibility for improving our health and wellbeing	x	8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	x

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4. Offer services that deliver the population health our citizens are entitled to expect	x	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time	x	10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	x
Five Ways of Working (Sustainable Development Principles) considered <i>Please tick as relevant, click here for more information</i>			
Prevention	x	Long term	x
		Integration	x
		Collaboration	x
		Involvement	x
Equality and Health Impact Assessment Completed:		Yes / No / Not Applicable <i>If "yes" please provide copy of the assessment. This will be linked to the report when published.</i>	

Charitable Funds Committee Work Plan 2021-22					
A -Approval D- discussion I - Information	Exec Lead	29-Jun	21-Sep	07-Dec	01-Mar
Agenda Item					
Standing Items					
Staff Lottery Bids Panel Report	RW/JB	I	I	I	I
Finance Monitoring Report	RW/CL	D	D	D	D
Staff Benefits Report	RW/JB	I	I	I	I
New Charitable Fund Applications	RW/JB	A	A	A	A
Feedback on approved successful CFC Bids	RW/JB	I	I	I	I
Health Charity Fundraising Report	RW/JB	D	D	D	D
Charitable Funds Strategy Review - fundraising - budgets - Priorities - spending Criteria - investment decisions	RW/JB		D		D
Health Charity Annual Report	RW/JB				A
Legacy Updates	RW/JB				D
Walk for Africa	RW/JB			D	
Food Sense Wales	RW/JB		D		
Change Account	RW/JB		D		
Arts Annual Report	RW/JB				A
Investment Update	RW/CL	D		D	
Events Planner	RW/JB				A
Scheme of Delegation	RW/CL		A		
Annual Accounts	RW/CL				A
Appeals					
Breast Centre Appeal	RW/JB			D	
Prop Appeal	RW/JB	D			
Orchard Appeal	RW/JB				D
Better Life Appeal	RW/JB		D		
Charitable Funds Committee Governance					

Annual Work Plan	NF				A
Self assessment of effectiveness	NF	D			
Review Terms of Reference	NF				A
Produce Charitable Funds Committee Annual Report	NF				A
Minutes of Charitable Funds Committee Meeting	NF	A	A	A	A
Action log of Charitable Funds Committee Meeting	NF	D	D	D	D

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Report Title:	4.1 Charitable Funds Financial Position Report for the Period Ended 31st May 2021				
Meeting:	Board of Trustee Meeting			Meeting Date:	15th July 2021
Status:	For Discussion		For Assurance	x For Approval	For Information
Lead Executive:	Executive Director of Finance				
Report Author (Title):	Deputy Director of Finance				

Background and current situation:

The Board of Trustee has overall responsibility in overseeing the financial management and stewardship of its charitable funds. The financial update report aims to:

- Provide information on the year to date financial performance of the Charity to the period 31st May 2021;
- Assess the forecast financial position of the Charity against commitments already made.

Executive Director Opinion /Key Issues to bring to the attention of the Board/ Committee:

There are two key issues to bring to the attention of the Board of Trustee. These are:

- The year to date income performance has decreased from the levels reported at this time last year, as previously the Charity had received significant generous donations to support the Charity during the height of the pandemic.
- The stock market has continued its rally into this financial year with gains of £0.221m to the end of May. The stock market does however remain volatile and at this time caution is still advised on agreeing further significant commitments.

Assessment and Risk Implications (Safety, Financial, Legal, Reputational etc:)

Financial Performance for the 2 months ended 31st May 2021

The year to date financial position of the charity is summarized in the following table.

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Table 1: Financial position of the Charity for the period to 31st May 2021

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Fund Balances brought forward April 2021	5,366	1,303	2,478	9,147
Total Income Resources	88	64		152
Total Resources Expended	-164	-44		-208
Net Incoming/(Outgoing) Resources	-76	20		-56
Gains / (Losses) on Investment Assets	221			221
Net Movement in Funds	145	20	0	165
Fund Balances carried forward May 2021	5,511	1,323	2,478	9,312

Table 1 shows the Charity generated £0.152m of income and spent £0.208m for the first two months of the financial year. This has resulted in net expenditure of £0.056m. In addition, the charity also had market value gains on its investments of £0.221m for the period compared to the March 2021 valuation. The combined effect of these results is a net increase in fund balances for the period to May 2021 of £0.165m to £9.312m.

An analysis of the income received by the charity for the first two months of the year, is contained in the following table. This also shows the comparison of income received for the same period over the previous 2 years.

Table 2: Schedule of Income for the 2 month period April to May 2021

Income	Unrestricted £000	Restricted £000	Total £000	20/21 £000	19/20 £000
Legacies					
Donations	88		88	822	54
Staff Lottery		46	46	41	40
Appeals		18	18	9	28
Dividend Income					
Total Income	88	64	152	872	122

This table shows a reduction in the donations received in comparison to the previous year, which included some significant acts of generosity from individuals and contribution from NHS Charities. Whilst lockdown is easing, some social distancing rules still exist and therefore these are still likely to adversely impact upon normal fundraising activities for the foreseeable future.

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Table 3: Summary Balance Sheet as at 31st May 2021

	Opening Balance £000 01.04.21	Closing Balance £000 31.05.21
Fixed Assets	8,804	9,025
Net Current Assets /Liabilities	343	287
Total Net Assets	9,147	9,312
Unrestricted Funds	5,366	5,511
Restricted Funds	1,303	1,323
Endowment Funds	2,478	2,478
Total Funds	9,147	9,312

Of the closing fixed asset balance, £2.436m relates to Rookwood Hospital with the balance of £6.589m relating to the investment portfolio. Of the net current assets closing balance of £0.287m, some £0.353m is supported with cash with the balance being net current liabilities of £0.066m. The fund balances have increased by £0.165m in the period to £9.312m

The following graph shows the investment portfolio's performance from May 2020 to May 2021.

Table 4: Summary of Investment Portfolio Performance



The investment portfolio started the financial year with a market value of £6.368m. The value has increased to £6.589m at the end of May 2021, therefore resulting in a market value gain for the period of £0.221m. The Board of Trustee may note that following a procurement re-tendering exercise, the contract for the provision of investment management services on behalf of the Charity was awarded to Rathbones Plc. The contract commenced on the 1st June 2021 and will run for a period of three years, with an option to extend for a further two years.

In summary the value of the Charitable Funds has increased by £0.165m in the current year to £9.312m. This increase represents net expenditure of £0.056m and market value gains of £0.221m.

Forecast Financial Position of the Charity’s General Reserves

Whilst the charity has a net worth of £9.312m, it is structured around undelegated and delegated funds where financial responsibility has been delegated to named fund holders and Heads of Service.

Within these funds are general reserves with a value of £0.871m made up of the following:

- Consolidated general reserve fund balance of £0.650m;
- Year to date investment gains of £0.221m.

Against these general reserves the Charity has approved a number of bids which has resulted in significant financial commitments. These are assessed at being circa **£0.817m** and are summarized below.

Table 5: Outstanding commitments against General Reserves

Commitments	£'000	Comment
UHB Transport Solutions	68	
Staff Recognition Awards	20	£5k per year - 4 years outstanding
Employee Wellbeing	158	Includes option 3 approval for two years
Arts Programme	50	Journal actioned June 2021
Fundraising Costs	322	£38k in year included in I/E and £322k further commitment
Translation of HC Website	7	Awaiting Invoice
Neurological Gardens	192	New Commitment
Total	817	

This means that general reserves have a balance of £0.054m after providing for commitments already made. A key driver for this is the continued good performance of the investment portfolio, which has achieved gains of £0.221m for the first two months of this year.

Any potential future commitment on general reserves can be mitigated by:

Further Utilisation of Dormant Funds: The finance charity team will continue to monitor dormant funds and will transfer to general reserve where appropriate in line with the financial control procedure. This will be reviewed mid-year.

Fundraising Costs: The Trustee's agreed that the fundraising team would aim to cover their costs of circa £0.360m which are charged to general reserves. This can be done by recharging staff time against fund raising appeals or generating legacies income. In 2020/21 £0.083m of staff recharges were applied with residual costs against general reserves of circa £0.277m.

Recommendation:

The Board of Trustee is asked to:

- **NOTE** the financial position of the charity;
- **NOTE** the latest income position;
- **NOTE** the commitments against general reserves.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Yes / No / Not Applicable

If "yes" please provide copy of the assessment. This will be linked to the report when published.



Report Title:	Charitable Funds Committee – Chair’s Report				Item Number:	4.2
Meeting:	Board of Trustee				Meeting Date:	15/07/2020
Status:	For Discussion		For Assurance		For Approval	For Information X
Lead Executive:	Committee Chair and Independent Member - Community					
Report Author (Title):	Corporate Governance Officer					

SITUATION

To provide the Board of Trustee with a summary of key issues discussed at the Charitable Funds Committee held on 16th March 2021.

The following issues were discussed at the Charitable Funds Committee Held on the 16th March 2021.

CHAIRS ACTION

The Committee was advised that the amended bid of £39K for St. Davids Hospital had been approved at the Charitable Funds Committee (CFC) agenda setting meeting.

It was noted that the money had been allocated to the Make It Better Fund and would be released to the bid author.

HEALTH CHARITY FINANCIAL POSITION UPDATE

The Committee was advised of the financial position report for the 10 month period to the end of January 2021 and 2 points were highlighted:

- 1) There had been a strong performance with regards to donations the Health Charity had received for the year to date.
- 2) There had been significant gains on investments made.

It was noted that there was sufficient resource to meet the commitments previously made which was very encouraging and a good position for the charity.

The Committee was advised that the Net Incoming/Outgoing Resources was £320K and investment gains of £851K which meant there was a positive movement in funds at the beginning of the year of £1.178m.

It was noted that a full review of dormant funds had been undertaken and a summary of those unrestricted and restricted funds was provided.

The Committee was advised that there were general reserves of £1.140m which was made up of the general reserve fund balance, the investment gains made and the transfer of dormant funds

against which he had set out his assessment of commitments which was £1.023m and in addition to that, the £50K discussed at the meeting for the Arts Programme.

ART PROGRAMMES FUNDING REVIEW

The Committee was advised that the Health Charity had done incredibly well obtaining funding from the Arts Council for Wales and it was noted that the charity had requested £70,000 pounds.

The Arts and Well-being programme was established in 2018 and Cardiff and Vale University Health Board (CVUHB) was a pioneer in the programme held out as a flagship programme across Wales.

It was noted that the Arts Council for Wales had been incredibly supportive in terms of funding but also in relation to the relationship that CVUHB had built between health and the arts.

During COVID lots of individuals had requested arts projects and programmes which had increased the areas of work for the Health Charity and the DC advised that the creative projects would start to be seen around the CVUHB estate which included:

- 1) The Gallery at University Hospital Llandough (UHL)
- 2) Wall spaces throughout hospital sites

It was noted that improvements had been made in Patient's experience and the Patient experience team had worked really well with the Assistant Director of Patient Experience who was working with the Welsh National Opera and the Hijinx Theatre on a series of training videos to educate staff on how to communicate with people with learning difficulties.

The Director of Communications (DC) provided assurance that in addition to the £50,000 agreed at the last CFC meeting, the Arts Programme had secured additional external funding for the following:

- 1) Addressing and reshaping Cystic Fibrosis Services', based in UHL and community - £35,000.00
- 2) 'Weaving lives together through song' with the 'Forget Me Not Chorus' to be focused at St David's Hospital - £21,500.

The DC advised the Committee that the additional £56,000 would hopefully enable CVUHB to continue with the Arts programme and also help to develop it further.

COVID MONIES INCOME/EXPENDITURE

The Committee was advised that there were 3 funds involved in COVID monies:

- 1) NHS Charities Together
- 2) Make it Better fund
- 3) Bale Family Donation

It was noted that up until the 31st of January 2021 the COVID income that had been received had totalled just over £1m.

The Committee was advised that the Health Charity would separate the Make it Better fund so that the COVID monies were separate from any Make it Better fund monies that had previously been received to ensure that funds received for COVID would be spent on COVID projects only.

It was noted that the COVID spend to date amounted to £1,034,286.

The Committee was advised that the Health Charity had worked in partnership with GVS to support the third sector by providing financial assistance to small organisations to support the Covid response within their local communities in Cardiff and the Vale of Glamorgan.

To date £48,000 had been allocated to Third Sector partnerships and that one of the key points that had come from a number of the Committee members was that it needed to go to the places where it was most needed, and, and also into the seldom heard groups and some of the hard to reach communities.

The Committee was advised that the Duke and Duchess of Cambridge had contacted CVUHB and had asked to speak to a member of the Health Charity team as the Duke of Cambridge wanted to understand how the Health Charity's work had benefitted the Health Board and community.

It was noted that it should be formally documented that that the Duke and Duchess of Cambridge wanted to thank the CFC Committee and the Health Charity team for the work that they had undertaken to ensure that Covid donations got to where they were most needed

DARING TO DREAM

The Committee was advised that Daring to Dream (D2D) was a charitable fund originally set up within Cardiff & Vale Health Charity and was led by an external fundraiser.

It was noted that the current D2D fund balance was £4,973 and that D2D had requested the Health Charity transferred this amount from its charitable funds into D2D's own bank account.

The Committee approved the transfer of £4,973 from Charitable Funds to Daring To Dream, Charitable Incorporated Organisation.

OVER £25K BIDS FOR APPROVAL

The Committee was advised that the Third Sector Grants Scheme 2021/22 was an additional bid where the Health Charity would want to double the amount for the BAME community and the third sector bids.

It was noted that the £33K detailed would be an additional commitment against reserves.

COMMITTEE ANNUAL REPORT

The Committee was advised that the Committee Annual Report was a summary of the work that the Committee had undertaken over the previous year and assurance was provided that the

committee had complied with its Terms of Reference and undertaken the work detailed in the Committee Work Plan.

HEALTH CHARITY ANNUAL REPORT

The Committee was advised that the report had been brought back to the CFC to approve final amendments to the foreword.

The Committee received, for information the final version of the Cardiff & Vale Health Charity Annual Report 2019 - 2020 and approved the document for publication.

REPORTING FEEDBACK ON SUCCESSFUL CFC BIDS

The committee was provide with information about the Staff Haven and noted that the services of Grosvenor Interiors, Poppi Furniture, Nathan Wyburn (artist) and the National Museum of Wales were procured to assist in the provision of a calm, relaxing space for staff.

Assurance was provided that funds were being spent effectively.

HEALTH CHARITY WEBSITE BILINGUAL COSTS

The Committee was advised that in order to meet CVUHB's statutory obligation under the Welsh Language Act it was required to publish all of its content bilingually to ensure that its Welsh Speaking population were not treated less favourably than those who choose to communicate in English.

It was noted that the Health Charity were looking for £20K to pay for that translation work to be undertaken and also for delegated authority within the DC's budgetary limits for the DC to continue authorising ongoing maintenance work to ensure that the Health Board continued to meet its statutory requirements without having to return to committee for further authorisation.

The Committee approved funding of £20k from Trust Fundraising Costs – Fund 9682, which was currently utilised by the Health Charity for operational requirements (including the current website).

HEALTH CHARITY UPDATE REPORTS

Food Sense Wales Update

The Committee accepted the paper as a report on activity for the past 6 months and noted the forecast for a healthy end of year financial position.

Legacies Update & next steps

The Committee noted the report on legacy income received and the Legacy Fundraising campaign plan and approved a budget of £5,000 to improve the legacy portfolio of Cardiff & Vale Health Charity with a commitment to evaluate the engagement with 'Farewill' in one years' time and review the position for long term legacy management and investment.

RECOMMENDATION:

The **BOARD OF TRUSTEES** is asked to:

- **NOTED** the updates shared within this Chair's Report.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	X
2. Deliver outcomes that matter to people	X	7. Be a great place to work and learn	X
3. All take responsibility for improving our health and wellbeing	X	8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	X
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time	X	10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	X

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	X	Integration		Collaboration		Involvement	
Equality and Health Impact Assessment Completed:	Not Applicable								

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Kind and caring
Caredig a gofalgar

Respectful
Dangos parch

Trust and integrity
Ymddiriedaeth ac uniondeb

Personal responsibility
Cyfrifoldeb personol

**CARING FOR PEOPLE
KEEPING PEOPLE WELL**



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Report Title:	Charitable Funds Committee – Chair’s Report				Item Number:	4.2
Meeting:	Board of Trustee				Meeting Date:	15/07/2020
Status:	For Discussion		For Assurance		For Approval	For Information X
Lead Executive:	Committee Chair and Independent Member - Community					
Report Author (Title):	Corporate Governance Officer					

SITUATION

To provide the Board of Trustee with a summary of key issues discussed at the Charitable Funds Committee held on 29th June 2021.

The following issues were discussed at the Charitable Funds Committee Held on the 29th June 2021.

HEALTH CHARITY FINANCIAL POSITION UPDATE

The Committee was provided with a financial update report which provided information on the year to date financial performance of the Charity to the period 31st May 2021. The report also assessed the forecasted financial position of the Charity against commitments already made.

It was noted that CVUHB had changed their investment management from Cazenove to Rathbone Investments.

The Charity was also noted to have a net worth of £9.312m which was split between undelegated and delegated funds with financial responsibility delegated to named fund holders and Heads of Service.

The Committee also noted the financial position of the charity, the latest income position, the commitments made against general reserves and the actions being taken to mitigate financial risk.

OVER £25K BIDS FOR APPROVAL

The Committee was asked to consider 4 bids that exceeded £25,000.

- 1) Neurosciences – Electromyography (EMG) machine purchase - £17,700
- 2) Endowment Funds – Integrated Medicine – Clinical Trials Manager - £114,630
- 3) Our Health Meadow – ongoing development and staffing costs - £65,000
- 4) Clinical Psychologist for Covid-19 High Care Wards: Patient and Staff Support Project.

- Bid 1 was declined pending further funding information.
- Bid 2 was approved.
- Bid 3 was declined pending receipt of further information.

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- Bid 4 was approved with the intention to backfill the funding committed.

REPORTING FEEDBACK ON SUCCESSFUL CFC BIDS

• Disposal of Rookwood Hospital

The Committee was advised that legal advice had been provided by Geldards LLP on the proposed disposal of Rookwood Hospital.

The Committee recommended to the Board of Trustees that the following actions were taken:

- Specialist advice be obtained from a Surveyor in relation to advertising the sale on the open market and for what period.
- To issue a Public Notice of the sale inviting representations to be made within a time specified in the notice.
- To make an application to the Charity Commission for a Cy Pres Scheme to amend or modernise the charitable objects attached to the land to enable the proceeds to be used for their intended purpose(s).

• Employee Wellbeing Service

The committee was reminded that in June 2019, the Board of Trustees had approved a bid for £352,586 over a two year period which doubled the number of counsellors within the service and introduced a new Assistant Psychological Therapy Practitioner (APTP) role within the Employee Wellbeing Service (EWS).

The midpoint review of the service in June 2020 highlighted an underspend of approximately £10,000 and approval was given by the Charity Trustees to use the underspend to increase the WTE counselling provision by 0.2 WTE.

The Committee accepted the report as assurance of the use of the allocated funding to the EWS.

STAFF BENEFITS GROUP REPORT

It was noted that 3 new schemes had been put forward:

- The Stock Shop, Concourse, UHW which was **approved**.
- Gillian Bishop – An approach on behalf of a personal trainer to provide personal training to staff – The proposal was **rejected** as the Staff Benefits Group (SBG) agreed not to proceed or endorse individual proposals.
- Sarah Hall/Shiatsu Cardiff – An offer of Shiatsu massage sessions to staff either at her own clinic in Cardiff or on-site (when regulations allowed). The proposal was **rejected** as the SBG had previously agreed not to proceed with or endorse individual proposals.

The Committee approved the report.

STAFF LOTTERY BIDS PANEL

The Committee was advised that the Health Charity continued to grow from strength to strength and the following lottery draws were noted:

- 25th June - £5K
- Winter draw - £21K

It was highlighted that a new Chair would be required for the Staff Lottery Bids Panel and the recommendation outlined would be to write to three individuals and invite expressions of interest in the role which could then be voted on by the panel.

HEALTH CHARITY FUNDRAISING REPORT

The Committee received the Health Charity Fundraising report which covered the progress and activities of the Health Charity Appeals for the period 1st March - 31st May 2021.

The Committee noted the progress and activities of the Health Charity as advised.

HEALTH CHARITY UPDATE REPORTS

- **Covid Income and Expenditure update**

The committee was made aware that Cardiff & Vale Health Charity had received an exceptional amount of support since the start of the COVID-19 pandemic.

It was noted that the Health Charity had received support from within the UHB and from external fundraisers and supporters. It had also received several grants from NHS Charities Together. The Health Charity had received £1,245,044 in covid related grants, awards and donations to the end of March '21.

It was highlighted that in its 2020/21 review, the Audit and Assurance Services, NHS Shared Services Partnership had awarded Substantial Assurance to Cardiff & Vale Health Charity in respect of the financial and administrative control put in place and included a specific audit remit to ensure:

- Up to date policies and procedures were in place for the management of charitable funds.
- All Covid-19 donations and expenditure received were appropriate and accounted for in compliance with approved Health Board guidance.
- Effective governance arrangements were in place for dormant funds.

- **Supporting Staff Wellbeing Report**

The Committee was advised that the report focussed on how monies were spent to support the emotional and physical health and wellbeing of staff throughout Cardiff and Vale University Health Board.

The committee received and noted the Supporting Staff Wellbeing Report.

PROP APPEAL

The Committee was advised that the Prop Appeal was launched in 2008 to raise funds to help improve the overall experience and facilities for people receiving rehabilitation at Rookwood Hospital after suffering brain injury.

It was noted that the appeal provided:

- Enhancements to patient services/environment provided to compliment the core NHS services already provided
- Improved patient experience and outcomes
- Promoted health and wellbeing
- Promoted quality and safety in patient care through professional managed exercise sessions and complimentary therapies

Prop Appeal Fund Income and Expenditure were highlighted as follows:

Year	Income	Expenditure	Comments
2019/2020	£58,839	£28,184.71	Some fundraising events suspended in final quarter due to Covid-19
2020/2021	£66,697	£9,233.23	Some fundraising events suspended due to Covid-19

RECOMMENDATION:

The **BOARD OF TRUSTEES** is asked to:

- **NOTED** the updates shared within this Chair's Report.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	X
2. Deliver outcomes that matter to people	X	7. Be a great place to work and learn	X
3. All take responsibility for improving our health and wellbeing	X	8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	X
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	

5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time	X	10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	X						
Five Ways of Working (Sustainable Development Principles) considered Please tick as relevant, click here for more information									
Prevention		Long term	X	Integration		Collaboration		Involvement	
Equality and Health Impact Assessment Completed:		Not Applicable							

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Respectful
Dangos parch

Trust and integrity
Ymddiriedaeth ac uniondeb

Personal responsibility
Cyfrifoldeb personol

Report Title:	Disposal of Rookwood Hospital						
Meeting:	Board of Trustee				Meeting Date:	15 th July 2021	
Status:	For Discussion	x	For Assurance		For Approval	x	For Information
Lead Executive:	Executive Director of Therapies and Health Science - Director of Corporate Governance						
Report Author (Title):	Head of Risk and Regulation						

Background and current situation:

Following the re-provision of neuro and spinal rehabilitation services at University Hospital Llandough most of the current Rookwood Hospital site will become surplus to requirements. It has therefore been proposed that the Health Charity dispose of part of the Rookwood Hospital site. For reference purposes, further details of the proposed disposal, can be found at Appendix 1.

The disposal of charitable assets, particularly land and property, is subject to stringent legal processes. To guide the Charity Board of Trustees on this process legal advice on the proposed disposal has been obtained from Geldards LLP. A copy of the advice provided is attached at Appendix 2. At the time of this meeting, no formal approach has been made to the Charity Commission to discuss the disposal as the content of the legal advice adequately sets out the options available to the Charity.

Executive Director Opinion /Key Issues to bring to the attention of the Board/ Committee:

The key points to note from the advice of Geldards LLP are as follows:

- The existing objects of the charity state that the land, of which the disposal site forms part, must be used as a “hospital or home...for sick and disabled persons...”. The proposed sale of the site, on the open market or otherwise, will not be consistent with the existing objects of the Charity and as such it cannot be the case that the disposal of the land is made in furtherance of the charitable objects.
- The Board of Trustees must comply with sections 177 to 121 of the Charities Act 2011 (“ChA 2011”) in relation to any disposal of the land. In this regard, the Board of Trustees must obtain written advice from a properly qualified surveyor and advertise the proposed sale on the open market, for such period and in such a manner as the surveyor advises.

The Board of Trustees must follow the advice of the surveyor in relation to advertising the proposed sale, unless the surveyor advises that such action would not be in the best interests of the Charity.

If the Board of Trustees decides not to advertise the sale (either at all or not in accordance with the surveyor’s advice), then it must apply to the Charity Commission for an Order

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authorising the sale at an undervalue. Such an application must be made under section 105 ChA 2011 (power to authorise dealings with charity property).

In summary, the Board of Trustees is required to advertise the proposed sale in accordance with the surveyor's advice (section 119(1)(b) ChA 2011) unless permission is otherwise given by the Charity Commission. The UHB cannot proceed with a disposal without prior advertisement until it has obtained a Charity Commission Order pursuant to section 105 ChA 2011.

- The land is designated land (i.e. land that must be used for a particular purpose, in this case as a "hospital or home...for sick and disabled persons..."). As such, under section 121 of ChA 2011 (additional restrictions applying to land held for stipulated purposes) public notice of the proposed sale must be given (section 121(2)).

The exception to giving public notice under section 121(2) is where the proceeds of sale will be used to purchase replacement property for the Charity. Spending the proceeds of sale on developing other existing hospital sites is not the same as purchasing replacement property in this context.

Alternatively, the Board of Trustees can apply to the Charity Commission for a direction that section 121(2) will not apply to the proposed sale. In making the direction, the Commission must be satisfied that this is in the best interests of the Charity, so a strong case must be made.

- The land is also permanent endowment, being an asset that is intended to be held in perpetuity/forever. Where the land is sold the existing objects of the Charity will attach to the proceeds of sale as opposed to the land.

The question then arises as to how the proceeds of sale can be spent (which must be in furtherance of the existing objects). Purchasing land is an acceptable expenditure of permanent endowment but paying for buildings (which are considered to be wasting assets) would not be. In this regard, the Board of Trustees would need to obtain the Charity Commission's consent by way of an Order to expend permanent endowment on Buildings or other proposed assets, most likely with a requirement for "recoupment".

- If the Board of Trustee considers that the existing charitable objects are too restrictive and that these objects (which will attach to the proceeds of sale and continue to apply to the two sites that will remain with the Charity) should be widened/modernised, then an application must be made to the Charity Commission for a cy pres scheme pursuant to section 61 ChA 2011.

It has been noted that legal advice regarding a Cy Pres Scheme was sought from Eversheds Sutherland Solicitors in 2015. At that time the Charity Commission was of the view that a cy pres case could be made on the basis that Rookwood Hospital would no longer be required once the new facility at UHL had completed

It should be noted that a Cy Pres Scheme application can be made before or after the disposal of land, however, if the scheme is obtained after the disposal, the proceeds of sale must not be spent on the new wider objects until the scheme has been properly obtained. This is not a quick process and can take between 6 and 12 months to obtain,

depending on any direction by the Commission to give public notice of the proposed scheme and new purposes.

The Charitable Funds Committee was asked to consider the content of the Geldards LLP advice at its meeting of the 29th June 2021 and to propose a way forward for the disposal of the Rookwood Hospital. A copy of the report shared at that meeting is attached as (Appendix 3).

Following a review of the advice received the Charitable funds Committee recommended the following:

- 1) That the Board of Trustees obtain specialist advice from a Surveyor in relation to advertising the sale of Rookwood Hospital on the open market and for what period;
- 2) That a Public Notice of the proposed sale be issued inviting representations to be made within a time specified in the notice (not less than one month from the date of the notice) (s.121 ChA 2011). This requirement may be set aside if the Board of Trustees can satisfy the Charity Commission that it would be in the best interests of the charity to do so;
- 3) That an application be made to the Charity Commission for a Cy Pres Scheme to modernise the charitable objects attached to Rookwood Hospital to enable the proceeds to be used for their intended purpose(s).

Assessment and Risk Implications (Safety, Financial, Legal, Reputational etc:)

Failure to follow the advice of Geldards LLP and more generally charity law duties, will expose the Health Charity to a risk of being found to have mismanaged the charity and its assets.

Given the location of the site, the likely interest in the site from private companies (as referenced at page 5 of Savills Disposal Strategy Paper) and the interest that the sale will draw from the public, there is a real risk that the sale will be brought to the attention of the Charity Commission if due process is not followed.

This could lead to enforcement action being taken by the Charity Commission pursuant to its statutory powers detailed in the Charities Act 2011. These powers include, Enforcement Orders (s.335 ChA 2011) to make good defaults, the imposition of an Order of the High Court (s. 336 ChA 2011) to remedy failures to comply with orders, or a direction that a formal public Inquiry be carried out.

Recommendation:

The Board of Trustees is asked to:

- **APPROVE** the recommendations of the Charitable Funds Committee; and
- **AUTHORISE** the proposals detailed at points 1 to 3 above.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
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2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	
Five Ways of Working (Sustainable Development Principles) considered <i>Please tick as relevant, click here for more information</i>			
Prevention		Long term	
		Integration	
		Collaboration	
		Involvement	
Equality and Health Impact Assessment Completed:	Yes / No / Not Applicable <i>If "yes" please provide copy of the assessment. This will be linked to the report when published.</i>		

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Disposal Strategy

Land and buildings at Rookwood Hospital, Llandaff, Cardiff

Prepared on Behalf of

The Rookwood Hospital Charity and Cardiff & Vale UHB

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APPENDIX 1 - SITE PLAN

APPENDIX 2 – INDICATIVE DISPOSAL PROGRAMMES

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1. INTRODUCTION

Savills were appointed by Cardiff & Vale University Health Board (the UHB) in October 2011 as property agent in contemplation of declaring part of the Rookwood Hospital site surplus to requirements and implementing a sale for development purposes.

For a variety of reasons, that process was delayed but a business case has since been approved and works commenced to enable the relocation of neuro and spinal rehabilitation services to a new unit at University Hospital Llandough (UHL).

As a result, it is expected that patients will transfer to UHL during 2020 meaning that a significant element of Rookwood Hospital will become vacant during the early part of 2021 and this report considers an appropriate disposal strategy, setting out the next steps required to bring the site forward for ultimate disposal with timescales aligned to closure of the facility in order to limit (or avoid entirely) void cost liabilities.

2. THE SITE

The extent of the Rookwood Hospital site is shown edged red, blue and green on the plan attached in **Appendix 1**. The gross area within the red line is 4.26 hectares (10.53 acres). The area shaded red indicates the approximate extent of surplus land currently identified for disposal. This area measures approximately 3.26 hectares (8.06 acres) but could be subject to further amendment.

The surplus area can be divided into three distinct elements. Firstly, the southernmost portion of the site features a range of low rise purpose-built accommodation, some of which comprise interconnected buildings used for operational purposes. Secondly, Rookwood House comprises a substantial former private residence which has been adapted, converted and extended to provide mainly office accommodation. To the rear of this building is a range of further purpose-built surplus accommodation. Thirdly, the gardens which lie to the west of Rookwood House comprise an area of lawns and woodland within which is a dilapidated summer house and underground vaulted chamber.

The site has extensive frontage to Fairwater Road which is a principal thoroughfare leading from the centre of Llandaff Village. The surplus part of the site is generally level, however, it rises from grade as its eastern end and there is approximately a 2 metre difference in level between Fairwater Road and the site at its western end.

Principal access to the hospital site adjoins the former lodge along the eastern boundary. This roadway currently provides access to most of the buildings on the surplus site and encloses Rookwood House providing access to various car parks. It also provides access to the retained part of the site. At the western edge of the Rookwood site there is a secondary access off Fairwater Road.

Rookwood House is principally a two storey building; however, part of the rear wing has accommodation in the roof void. The building is a Grade II listed structure and features original architectural detail both internally and externally. The aforementioned summer house and vaulted chamber below is also Grade II listed. The whole of the area designated for disposal is included within the register of landscapes parks and gardens of historic interest in Wales (Grade II).

The surplus area features a significant number of substantial mature trees covered by a Tree Preservation Order. Other ecological constraints are the likely presence of bats and nesting birds.

Property surrounding the majority of the site is predominantly residential detached and semi-detached high value private housing. Immediately to the north of the Rookwood site are the grounds of the BBC Cymru Wales administration block and adjoining Cardiff Metropolitan University (formerly UWIC) halls of residence. BBC have agreed a sale of the their administration facilities, to

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Taylor Wimpey for residential development on vacant possession being available, which is expected by the end of 2019/early 2020.

3. PLANNING CONTEXT

The Rookwood Hospital site comprises previously developed, or “brownfield” land lying within the built-up area and is sustainably located for public transport and access to community facilities and local services. Although the site is not located within the Llandaff Conservation Area, it has a number of environmental constraints including:

- two listed buildings (Grade II): Rookwood House and the summerhouse and underground vaulted chamber, the latter being seriously dilapidated;
- the site’s inclusion in Cadw’s non-statutory *Register of Landscapes, Parks and Gardens of Special Historic Interest in Wales* (Grade II);
- the existence of a large number of trees, groups of trees and an area of woodland which are statutorily protected by Tree Preservation Orders;
- the presence of bats (all species of which are statutorily protected) and breeding birds.

The site is identified as a Non-Strategic Hosing Site with an estimated capacity of 90 units within the Cardiff Local Development Plan (LDP) which was adopted in January 2016 and as such there is policy support for residential redevelopment, but any planning application for residential development will need to carefully consider the following:

- landscape;
- open space;
- listed buildings;
- nature conservation;
- trees; and
- traffic generation.

Overall, there are considered to be very good prospects of securing planning permission for residential development (and a range of other potential uses for conversion of the main house) on the site. It is a very sustainable location for new residential development and presents an outstanding opportunity to create a quality environment. However, given the significant environmental constraints, the local planning authority will expect an application for planning permission to present a clear, compelling strategy as to why permission should be granted. Key to this will be proposals:

- to secure the future well-being of the listed buildings;
- to retain and manage the historic garden and protected trees; and
- to create a quality residential scheme.

4. DISPOSAL STRATEGY

4.1 Disposal Strategy

The Rookwood Hospital site is situated in a prime residential area of the city of Cardiff where end sales values are some of the highest in South Wales.

Development opportunities of this quality in this part of Cardiff are limited and historic infill developments has featured larger executive housing, examples of which are found along Fairwater Road and indeed adjoining the western boundary of the site (Llandaff Chase). The most recent new-build developments in Llandaff Village have been undertaken by retirement operators on two adjoining sites on Cardiff Road and we understand that there remains a desire from this type of

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operator to provide extra-care or retirement accommodation in this location, many of which pay a premium above residential land values. Other nearby development worthy of comment are the redevelopment of Churchill Hotel (Portabella) and Penhill Bowls Club (Waterstone Homes), both of which have delivered new executive style housing.

Rookwood House is a listed structure and as such it is likely that the planning authority will (subject to detailed design criteria) support its conversion to a number of residential units within the existing structure, possibly with some new-build additions. This sort of development opportunity tends to attract specialist operators rather than volume housebuilders as the latter specialise only in new-build accommodation. In addition to the residential potential, we would not rule out demand for the building for some form of commercial use such as education, childcare, hotel or the provision of consulting rooms associated with a healthcare operation.

Overall, we expect strong levels of demand for this development opportunity from PLC and regional housebuilders, retirement and care operators, local high net worth investors and potentially a range of non-residential developers for the main house (such as a care home, children's crèche or boutique hotel use). As such, the disposal strategy needs to consider alternative disposal options that could maximise the development potential and capital receipt.

In order to do so, we would recommend a two stage disposal process which firstly invites expressions of interest for the property from a wide market audience with a variety of end uses. We would recommend that at this stage, the property is identified as capable of being lotted, so that developers have the opportunity to express interest in either specific parts such as (i) the main house, (ii) a smaller development parcel suitable for retirement use, or the whole. This will enable us to establish the full level of interest in the property and structure a sale which maximises value by producing a comprehensive development of the site with the highest end use value, assuming that there are good prospects of obtaining an appropriate planning permission for the proposed uses.

The second stage of the process would entail a competitive informal tender process inviting those selected from the Stage 1 process to submit detailed development proposals along with their financial bid for consideration and selection of a preferred party/ies.

In order to ensure that robust bids are received and to limit the amount of bid conditionality we recommend that a comprehensive information pack is produced at bid stage, to include:-

- Site Plan
- Title Report
- Topographical Survey
- Tree Condition Survey and Plan
- Asbestos Report
- Existing Floor Plans
- Intrusive Site Investigation incl. porosity testing and foundation solution
- Ecology Survey (incl. Bat Survey)
- Structural Report on summerhouse and Listed building
- Traffic Survey
- Drainage and Utilities Report
- Demolition Quotes
- Planning Report (see section 4.2)

Assuming the programme as set out in Section 5, we see no material advantage in the UHB demolishing buildings prior to sale. To some degree it will be safer for these to remain in place until planning permission is secured for the proposed re-development, with permission for the demolition forming part of the developers planning submission.

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4.2 Planning Strategy

The property now benefits from a non-strategic housing allocation in the LDP and as such, there is in principal support for residential development at the site. However, the environmental and heritage constraints will strongly influence the form and capacity of development.

Given the presence of listed buildings which will form part of the proposed development, it is expected that a full or at least hybrid planning application would need to be submitted along with Listed Building consent for works to Rookwood House and the dilapidated summerhouse and for the demolition of the curtilage listed buildings (those built before 1 July 1948), regardless of their apparent lack of architectural or historic merit.

However, given the range of uses and form of development that could take place on the site, and the relative time (and money) incurred in submitting and supporting the planning process, we consider the most appropriate route would be to invite bids on either an un-conditional or (more likely) a subject to planning basis, whereby the responsibility for obtaining planning permission and listed building consent would rest with the selected tenderer. In assessing tenders, consideration would need to be given not only to the financial offers received but also to the likelihood of the tenderer's proposals being granted planning permission. The contract with the successful tenderer would need to include provisions to enable the UHB's advisers to be consulted on the tenderer's planning strategy and its implementation.

Prior to marketing, however, we would recommend that planning advisors engage with the local planning authority (LPA) and prepare a planning report which sets out parameters for the future development of the site in terms of uses, constraints, access, height, developable area and capacity and impact on the Listed Building and gardens which can be provided to interested parties as part of the information pack in order to guide proposals and enable the consultant team to consider the appropriateness of any proposed development.

We would recommend that as part of the planning consultation with the LPA an EIA screening opinion is made at an early stage in the process to establish whether the local planning authority would require the planning application to be accompanied by an EIA. If this is the case, we will need to consider a revision to the programme below.

5. DISPOSAL PROGRAMME

We have considered the timescales required in order to implement the strategy as set out above and have enclosed at **Appendix 2** an indicative programme which aims to align with the proposed vacant possession timescale anticipated for early 2021.

As can be seen from the programme, there is sufficient time between now and the vacant possession date to procure a suitable development partner/s and for them to obtain planning permission for their proposed development ensuring that risks, maintenance liabilities and costs incurred in holding the building post vacant possession are minimised, or at best eliminated completely, but there is very little headroom in the programme and should planning permission be refused and an appeal required, this would pose a risk to the programme with completion likely to be delayed by potentially up to twelve months.

Should planning permission be granted prior to the vacant possession date, the contract will provide for a delayed completion until such time as the UHB are able to deliver vacant possession.

It is recommended that progress is made swiftly in order to adhere to the identified programme.

BUDGET COSTS TO PROGRESS DISPOSAL STRATEGY

We have set out below budget costs that are required in order to implement the disposal strategy referred to above. These budget estimates do not include the professional fees of WYG Planning

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and Design, Savills (UK) Ltd or the UHB's legal advisors costs associated with the disposal, which have been dealt with in separate submissions of appointment.

A number of surveys have already been procured, so the table below sets out the estimate costs going forward and not the costs to date.

Costs Relating to the Marketing and Disposal of the Site		
Item of Expenditure	Estimated Cost (£)	
Topographical Survey	1,000	Previously procured. Budget sum allowed in the event that updates are required.
Tree Survey	1,000	Previously procured. Budget sum allowed in the event that updates are required.
Site Investigation	20,000	
Report on Title		Previously provided
Ecology (incl. Bat Survey)	5,000	Previously procured but updates required.
Listed Building Structural Report	5,000	Reports provided previously. Budget sum provided in the event of additional work required.
Traffic Survey	5,000	
Drainage Report	4,000	
Utilities Report	2,000	
Asbestos Report	Nil	To be provided by UHB
Floor Plans	Nil	To be provided by UHB
Planning Report	3,000	
Aerial Photographs/ Brochures/Adverts	5,000	
TOTAL	51,000	

The approximate overall costs amount to approximately £51,000. However we would suggest the allowance of a contingency to cater for any unexpected requirements that are either required by the LPA or additional works which may flow from results of some of the technical survey work that is undertaken and therefore, we would suggest an allowance in the order of £60,000.

7. RECOMMENDATIONS

Now that there is certainty of delivering vacant possession in agreed timescales, the extent and form of final development (including the variety of uses) is not known and the time period between now and vacant possession is relatively constrained, we would recommend that the UHB offer the property to the market with a comprehensive information pack on an unconditional or subject to planning basis as described within this report.

This will enable maximum flexibility and exposure of the property to the market and should shorten the planning programme slightly, when compared with the scenario of the LHB submitting their own hybrid application followed by developer reserved matters applications (and potentially a fresh full application on the house).

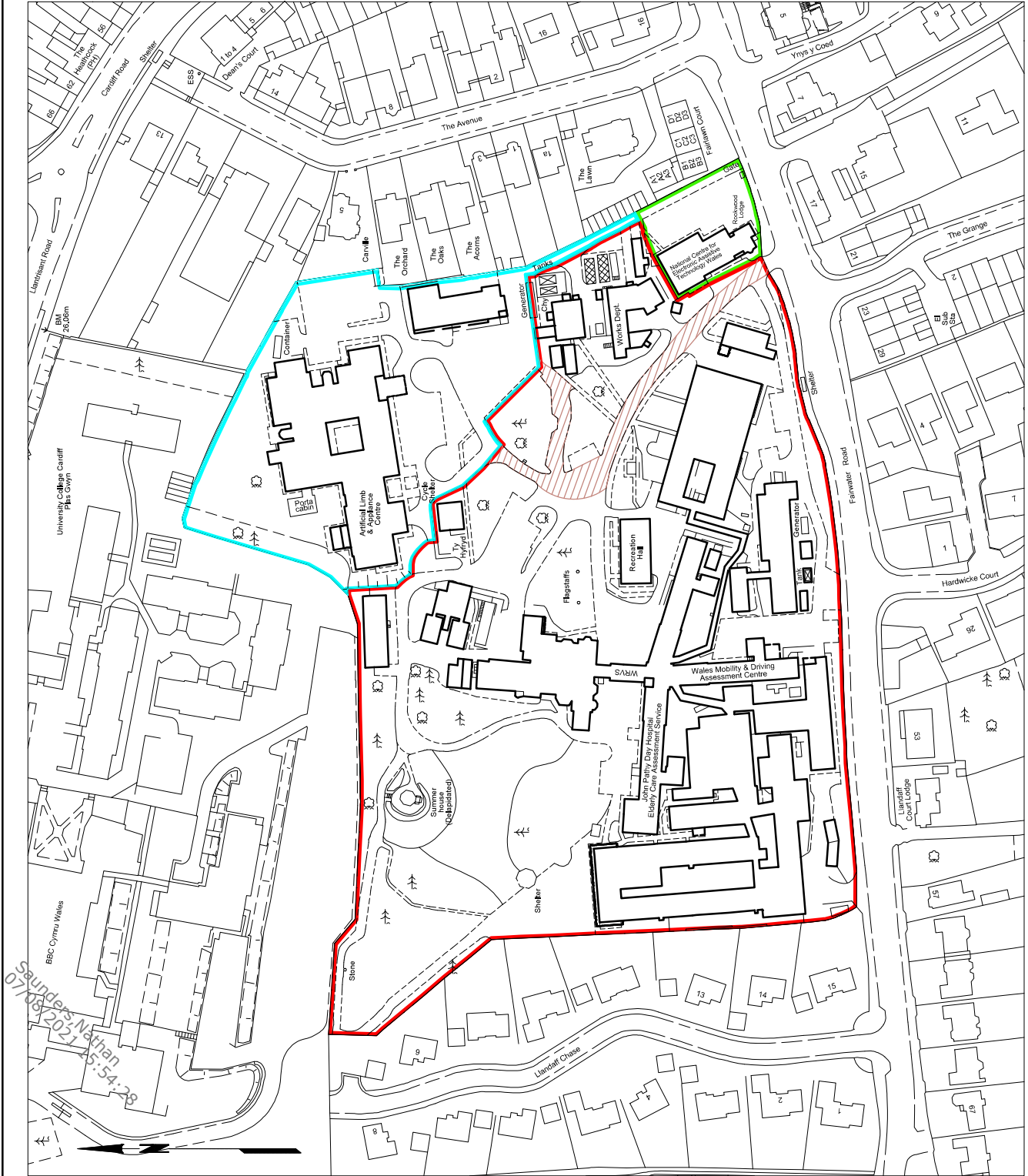
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Our proposed two stage marketing campaign will help to ensure that capital receipts are maximised, and in doing so approval is required for the expenditure as set out in section 6 relating to the marketing and disposal of the site which will enable the consultants to procure the necessary technical and survey work to bring the property to market, commencing in July 2019, in accordance with the programme.

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APPENDIX 1

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  GIG Partnersiaeth Cymru Cydawsanaethau Cyffwrdd NHS Shared Services Partnership Wales Specialist Estates Services		N.H.Davies MRICS, MRICS, RICS, RICS Director Specialist Estates Services		Crown copyright and database rights 2011 Ordnance Survey (100025847) Hawffraint y Goron a hawlau cronfa ddata 2011 Arolwg Ordnans (100025847)		ORDNANCE SURVEY TILE ST 1578 NATIONAL GRID REFERENCE ST 150780		Clive Ball BSc (Hons) MRICS Head of Property Specialist Estates Services		Title Rookwood Hospital, Llandaff, Cardiff.		Disposal area = 3.26 ha 8.06 acres		Scale 1:1250 @ A3		Produced by CLKB/TJE		Drawing Number C37_01S /1		Date Issued TJE 25/01/19		Date Created January 2019	
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File Ref: G:\AutoCAD LAPP\Red Line Plans\Cardiff & Vale UHB\Rookwood Hospital, Cardiff_01S

APPENDIX 2

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ROOKWOOD HOSPITAL - SUBJECT TO PLANNING DISPOSAL

								2020												2021		
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Preperation and update to Technical Information																						
Preparation of Planning Report & Marketing Collateral																						
Expressions of Interest Stage																						
Second Stage Marketing Campaign																						
Appoint Selected Developer(s)																						
Legal																						
Exchange of Conditional Contracts																						
Developer Planning Period																						
Completion (Following receipt of planning)																						

Note: Programme assumes that permission is granted at committee and therefore an appeal is not required. If permission is refused, an appeal could add a further 12 months to the programme.

Report & Valuation

Rookwood Hospital, Fairwater Road, Llandaff,
Cardiff, CF5 2YN

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28 February 2019

Ref: 434618

Cardiff & Vale University Health Board
University Hospital of Wales
Heath Park
Cardiff
CF14 4XW

For the attention of Jonathan Nettleton

Scott Caldwell MRICS
E: scaldwell@savills.com
DL: +44 (0) 2920 368943
F: +44 (0) 2920 368900

2 Kingsway
Cardiff
CF10 3FD
T: +44 (0) 2920 368950
savills.com

Dear Jonathan,

PROPERTY: ROOKWOOD HOSPITAL, FAIRWATER ROAD, LLANDAFF, CARDIFF, CF5 2YN

In accordance with the instructions contained in your email to us dated 16 January 2019, as confirmed in our letter to you dated 25 January 2019, we have inspected the property and made such enquiries as are sufficient to provide you with our opinion of value on the basis stated below. Copies of your instruction letter and of our letter of confirmation are enclosed at **Appendix 1**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours faithfully

For and on behalf of Savills (UK) Limited

Scott Caldwell MRICS
RICS Registered Valuer
Director

Andrew Weeks MRICS
RICS Registered Valuer
Associate Director

Abbey Bennett MRICS
Surveyor

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Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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Report & Valuation

Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN



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Appendices

Appendix 1 – Confirmation of Instruction Letter

Appendix 2 – Site Plan

Appendix 3 – Property Market Overview

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Executive Summary

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Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN



Background and Proposal

Cardiff and Vale University Health Board (the Health Board) are considering declaring part of the property as surplus to requirements and are therefore looking to internally apportion for accounts purposes value between the elements of the property it proposes to retain and those which it is considering declaring surplus.

Property Overview

The property extends to a total gross area of 10.53 acres (4.26 hectares). The property is irregular in shape and generally level, albeit, the site rises in gradient from east to west with an approximate split level of 2m between Fairwater Road and the site at its western end. There are two access points along the southern boundary of the site via Fairwater Road; the access at the eastern side being the primary access.

The property is valued in three elements as described fully within the report but in summary as follows:

- Site 1: Rookwood Lodge - Building at the entrance to the site on a plot of approximately 0.30 acres (0.122 hectares).
- Site 2: Artificial Limb & Appliance Centre – A single storey red brick building on a site of 2.17 acres (0.88 hectares) located in the north eastern corner of the overall site.
- Site 3: Rookwood House, Former Stables and Southern Area of Site on a total site of 8.06 acres (3.26 hectares).

Tenure

Assumed unencumbered freehold with vacant possession.

SWOT Analysis

Strengths	Opportunities
<ul style="list-style-type: none">▪ High value residential location.▪ Close proximity to transport links.▪ Close proximity to local facilities and services.	<ul style="list-style-type: none">▪ Allocated for approximately 90 units within the Local Development Plan.▪ Clearance of unsightly buildings.▪ Creating a viable new use for Grade II Listed Rookwood House.▪ Enabling restoration of dilapidated Grade II Listed summer house.
Weaknesses	Threats
<ul style="list-style-type: none">▪ Development of the property will maximise value.▪ Environmental constraints which include TPO's, listed buildings and an historic park.	<ul style="list-style-type: none">▪ Potential for extensive planning obligations.▪ Costs associated with Listed Building requirements.▪ Uncertainty in the market with Brexit.

Principal Valuation Considerations

- Located in a prime suburb of Cardiff where there is a sustained demand for good quality housing;
- Assumed that ground conditions are suitable for development without significant abnormal costs being required;
- Anticipated that there will be good levels of demand for residential development land and new homes in this location;
- Anticipated that there will be a level of interest from care operators;
- Good re-development prospects given the site is brownfield and situated in a built up area.

Approach to Valuation

In arriving at our opinion of Market Value, we have adopted the comparable method of valuation having considered the sale of other development sites within the area.

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Valuations

No.	Map Key	Site	Market Value
1	Green	Rookwood Lodge	£600,000
2	Blue	Artificial Limb & Appliance Centre	£3,600,000
3	Red	Rookwood House, Former Stables and Southern Area of Site	£6,000,000
Total:			£10,200,000

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1. Instructions and Terms of Reference

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1.1. Instructions

1.1.1. Instructions and Basis Of Valuation

You have instructed us to provide our opinions of value on the following basis:

- The Market Value of the freehold interest subject to full vacant possession ("Market Value").

1.1.2. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.3. Date of Valuation

Our opinions of value are as at the date of this report, 28 February 2019. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.4. Definition of Market Value

In undertaking our valuations, we have adopted the RICS definition of Market Value, as detailed below:

Valuation Standard VPS 4 1.2 of the Red Book defines Market Value (MV) as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

1.1.5. Purpose of Valuations

You instruct us that our valuations are required for internal purposes.

1.1.6. Conflicts of Interest

As you are aware we were appointed as the selling agent for the property in October 2011. For the purpose of this valuation we will be acting as External Valuers and will be providing you with an independent valuation.

1.1.7. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Scott Caldwell MRICS and Abbey Bennett MRICS. The valuations have also been reviewed by Andrew Weeks MRICS and Gareth Carter.

The property was inspected on 18 February 2019 by Scott Caldwell MRICS and Abbey Bennett MRICS. We were able to inspect the whole of the property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was cloudy.

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Scott Caldwell MRICS and Andrew Weeks MRICS are also RICS Registered Valuers. Furthermore, in accordance with VPS 3.7, we confirm that the aforementioned individuals have sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.1.8. Extent of Due Diligence Enquiries and Information Sources

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of our report below.

Where reports and other information have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

1.1.9. Liability Cap

Our letter confirming instructions at **Appendix 1** includes details of any liability cap.

1.1.10. RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017, and the RICS Valuation – Global Standards 2017 - UK national supplement issued 14 November 2018 and effective from 14 January 2019, together (the "RICS Red Book"), and in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 Valuation of interests for secured lending, as appropriate.

Our report in accordance with those requirements is set out below.

1.1.11. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuation is based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuation. Our valuation should not be relied upon pending this verification process.

1.1.12. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Report & Valuation

Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN



1.2. Background

Cardiff and Vale University Health Board (the Health Board) are considering declaring part of the property surplus to requirements and are therefore looking to internally apportion for accounts purposes value between the elements of the property it proposes to retain and those which it is considering declaring surplus.

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2. The Property, Statutory & Legal Aspects

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2.1. Location

The property is located in Llandaff, a suburb of Cardiff approximately 2.5 miles north-west of Cardiff city centre, and approximately 3 miles from Junction 32 of the M4 motorway.

Cardiff is the capital city of Wales and its main commercial and cultural centre, with a wide range of leisure, commercial and retail facilities. It is home to the Wales Millennium Centre, the Millennium Stadium, St David's Shopping Centre and the International Sports Village. Cardiff has excellent road links to the M4 at junction 33 from the west, junction 32 from the north and junctions 29 and 30 from the east. Cardiff Central railway station has rail services to London Paddington with journey times of just over 2 hours. Cardiff Wales Airport is approximately 12.5 miles (20.11 km) west of the city.

Cardiff has an urban population of 346,090 (2011 Census) and 682,767 within 21km of the centre. The city has a socio economic structure which is very typical of other UK cities, with the main employment sectors being other services (29.6%), banking, financial and business services (17.4%) and retail (15.9%).

We enclose below a General Location Map showing the location of Llandaff in its regional context.



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2.2. Situation

The property is located in Llandaff, an affluent suburb of Cardiff situated approximately 2.5 miles north-west of the city centre. Access to the property can be gained via Fairwater Road which is located to the south of the property.

The surrounding area to the property is primarily made up of low/ medium density housing. The former BBC Cymru headquarters offices are located to the north of the property where planning permission has been granted for 360 residential dwellings. Other surrounding uses include Llandaff Cathedral, Llandaff Primary School, Bishop of Llandaff High School and a number of public houses, all situated within 0.3 miles of the property.

The property benefits from good public transport with Fairwater railway station situated 0.5 miles from the property and a number of bus stops situated within close proximity.

We enclose below a plan showing the situation of the property.



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2.3. Description

The property extends to a total gross area of 10.53 acres (4.26 hectares). The property is irregular in shape and generally level, albeit, the site rises in gradient from east to west with an approximate split level of 2m between Fairwater Road and the site at its western end. There are two access points along the southern boundary of the site via Fairwater Road; the access at the eastern side being the primary access.

The extent of the property is shown as three separate parcels for the purposes of this valuation, edged red, green and blue, on that plan attached at **Appendix 2** and can be best described as follows:-

Site 1 (Green): Rookwood Lodge

Rookwood Lodge is a two storey property of stone construction with Bath stone facings. The hipped roof is overlaid with clay tiles and features two chimneys. The property dates back to 19th Century when Rookwood House was built.

A single storey extension was built to the north of the lodge in the 1970s and this property is now used as a National Centre for Electronic Assistive Technology by the Health Board.

The gross area of this site is 0.30 acres (0.122 hectares).

Site 2 (Blue): Artificial Limb & Appliance Centre

The Artificial Limb and Appliance Centre is a purpose built property of single storey brick construction under a pitched roof overlaid with clay tiles. There are two surface car parks to the east and south of this property; the southern car park provides access to a detached gymnasium hall. To the south of the gymnasium comprises tank, boiler and generator houses which service the hospital.

The gross area of this site is 2.17 acres (0.88 hectares).

Site 3 (Red): Rookwood House, Former Stables and Southern Area of Site

Rookwood House is a Grade II Listed former private residence of stone construction with Bath stone facings, built in 1866. The property has been converted and extended to provide office accommodation for the hospital and is somewhat institutionalised. To the west of Rookwood House there are gardens comprising lawns and woodland within which is a dilapidated Grade II Listed summer house.

The southern area of the site is made up of a range of poor quality, low rise purpose-built hospital accommodation, some of which comprise interconnected buildings used for operational purposes.

The former stables comprises a detached property of stone construction with Bath stone facings. The property is currently used as an Engineer's Workshop. This property dates back to 19th Century when Rookwood House was built but is not identified in the listing.

The gross area of this site is 8.06 acres (3.26 hectares).

Photographs of the property taken on the date of our inspection are provided overleaf.

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Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN



Site Entrance off Fairwater Road



Rookwood Lodge and Adjoining Building



Gymnasium Building



Main Car Park



Artificial Limb & Appliance Centre



Dilapidated Summer House

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Rookwood House



Rookwood House



Southern Site Boundary



Road running parallel to Fairwater Road

2.3.1. Site Area

The site of the property is irregular in shape and is bounded by Cardiff Metropolitan University and the former BBC Wales Headquarters to the north, residential dwellings to the east and west and Fairwater Road to the south.

By reference to the plan below, we have been informed by the Health Board that the property has a total gross site area of 10.53 acres (4.26 hectares) which can be broken down as follows:

- Land edged red: 8.06 acres (3.26 hectares);
- Land edged blue: 2.17 acres (0.88 hectares);
- Land edged green: 0.30 acres (0.122 hectares).

We attach an Ordnance Survey extract provided by the Health Board overleaf and at **Appendix 2**.

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2.4. Existing Accommodation

Each of the buildings provide the following internal accommodation. These areas have been provided by the Health Board. We assume they are complete and correct, and are the gross internal floor areas measured in accordance with the RICS Property Measurement 2nd edition, published in January 2018, which updated the RICS Code of Measuring Practice 6th Edition.

Building	Floor	Sq Ft	Sq M
Rookwood House	Basement	363	33.7
	Ground	8,516	791.1
	First	5,676	527.3
	Second	1,395	129.6
		15,950	1,481.7
Rookwood Lodge	Ground	3,748	348.23
	First	346	32.19

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Building	Floor	Sq Ft	Sq M
		4,094	380.42
Works Department (former stables block)	Ground	2,085	193.67
	First	1,694	157.34
		3,779	351.01
Summer House (Dilapidated)	Ground	261.99	24.34
		261.99	24.34

2.5. Condition

As instructed, we have not carried out a structural survey, nor have we tested any of the services. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that some of the buildings appear to be in poor condition, whereas others were in fair condition. During the course of our inspection we noted that repair works were being undertaken to the roof covering of the main house.

2.6. Environmental Considerations

2.6.1. Informal Enquiries

As instructed, we have not carried out a soil test or an environmental audit on the site in relation to the potential presence of contamination, albeit we expect that the hospital is constructed on made ground and that asbestos is present in underground pipework etc. There is potentially the possibility of contamination hotspots across the site.

We would stress that we have not carried out, nor are we qualified to carry out an Environmental Audit. We would recommend for an Environmental Audit to be undertaken to gain a better understanding the extent of any contamination on site.

2.6.2. Assumption

We have valued the property on the basis that there is the potential for contamination at the site but should it be established that significant land contamination exists at the property, or on any neighbouring land, then we would wish to review our valuation advice.

2.6.3. Flooding

We have made enquires with regard to potential flooding at the Natural Resources Wales website, www.naturalresources.wales and note that the property is located in an area considered to be at little or no risk of fluvial or coastal/ tidal flooding.

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2.7. Town Planning

2.7.1. Statutory Background

We have made informal enquiries of the local planning authority, Cardiff City Council, who inform us that the statutory plan covering planning policy and development control for the area is the Cardiff Local Development Plan (LDP), which was adopted in January 2016.

The property is identified within the LDP as a non-strategic housing site (Site Ref: H1.3), allocated for approximately 90 units. The property is not stated to be located within a conservation area albeit there are a number of environmental constraints associated with the site which include the following:

- Two listed buildings (Grade II): Rookwood House and the summerhouse and underground vaulted chamber, the latter being seriously dilapidated;
- The site's inclusion in Cadw's non-statutory Register of Landscapes, Parks and Gardens of Special Historic Interest in Wales (Grade II);
- The existence of a large number of trees, groups of trees and an area of woodland which are statutorily protected by Tree Preservation Orders;
- The presence of bats (all species of which are statutorily protected) and breeding birds.

2.7.2. Planning History

Planning decisions relating to the property revealed by our enquiries are as follows:

Application No	Description of Development	Date of Decision	Decision
99/00872/W	To provide additional car parking space and covered parking area for disabled drivers assessment	13-07-1999	Permission
13/00940/DCO	Construction of new footpath	10-07-2013	Permission
18/02058/MNR	Restoration and repair works to roof and internal roof structure	14-12-2018	Permission

2.7.3. Summary

In valuing the property we have assumed that the buildings are used in accordance with their present lawful uses and that the buildings comply with current planning laws and building regulations and that they are not subject to any adverse proposals or possible enforcement actions. However, our valuations are predicated on the basis of the property's redevelopment.

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2.8. Taxation

2.8.1. Rates

From informal enquiries of the Valuation Office Agency Internet Rating List www.voa.gov.uk, we understand that the following entry appears on the 2017 Valuation List:

Property Address	Description	Rateable Value
Rookwood Hospital, Fairwater Road, Cardiff, CF5 2YN	Hospital and premises	£142,000
	Total	£142,000

The Uniform Business Rate in Wales for 2018/19 financial year is 0.514 pence in the pound. We calculate that the rates currently payable are £72,988 excluding any transitional or other relief.

2.8.2. VAT

Our valuation is exclusive of VAT.

2.9. Tenure

The property is registered at the Land Registry under title number CYM505439, with the registered proprietors stated as Cardiff and Vale University Local Health Board.

We have not been provided with a report on title and have not seen a copy of the title deeds. We have assumed that full rights of access are enjoyed and that no third parties enjoy any rights over the property. Your solicitors should confirm that there are no onerous restrictions or obligations as part of the due diligence process.

It is assumed for valuation purposes that the property is not subject to any unusual or onerous covenants that are likely to affect the valuations herein provided.

We would strongly advise that your legal advisors confirm our understanding to be correct and to ensure that there are no further elements, restrictions or charges contained that are likely to have a detrimental effect upon the valuations as herein reported. We reserve the right to revise our valuation should it subsequently emerge our assumptions relating to the legal title are incorrect.

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3. Market Commentary

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3.0. Property Market Overview

We enclose a Property Market Overview at **Appendix 3**.

3.1. Healthcare Market

The health and care services that we require have changed dramatically over the last 50 years. We live longer, our population is larger and as medicine has advanced our healthcare needs have evolved. Reforming health and care to match these needs will be all the more difficult in an era of constrained public finances. Combined local authority and NHS capacity has now fallen to 6.5% of total supply. With public sector unit costs running at double or more the independent sector equivalent, the public sector share of provision is expected to decline even further in the future.

In the recent years, there has been a shift in focus by the NHS, who are slowing moving investment from the secondary care and hospital sector to primary and community care facilities.

The Healthcare Intelligence Specialists, Laing and Buisson, reported that the UK's total expenditure on healthcare in 2017 totalled £192 billion, up 3.6% on the 2015 total. It was forecast that this expenditure would rise by £20 billion in 2018.

In October 2018 Laing and Buisson released a Healthcare Construction UK Market Report. The report advised that the government have announced a forward pipeline of approximately £5.7 billion worth of healthcare capital projects taking place between now and 2020 and beyond. There are around 597 individual health projects under almost 700 schemes with a combined value of circa £5.7 billion.

3.2. RICS Housing Market Survey

House prices dropped 0.7% in December according to Nationwide. That surprisingly weak performance coincided with raised political uncertainty leaving annual house price growth at 0.5% for 2018, marginally undershooting their forecast of 1.0%. Annual growth varied across the regions: it was strongest in the East Midlands at 4.0%, followed by Wales at 3.9% and Yorkshire & the Humber at 3.7%. After a long period of outperformance that has left affordability constrained, London has fared the worst, with values down 2.2% since the start of the year. Wales was the strongest performer in Q4, whilst the East and West Midlands slowed. This is in line with their forecast that house price growth in Wales and the North will overtake the Midlands over the next two years.

Although house price growth was weaker than expected at the end of 2018, transaction volumes appear to have stabilised across all regions in October. That stability continued into November at a national level, according to data from HMRC. But new instructions and enquiries both continued to fall in December, according to the RICS survey. They reached their lowest levels since the immediate aftermath of the Brexit vote.

Brexit is the most cited cause (according to the RICS survey) for reduced activity, and housing market uncertainty is likely to continue until some clarity emerges.

The southern Welsh districts of Torfaen, Newport and Caerphilly saw the strongest house price growth, all up approximately 10% during the year to October 2018. London continued to struggle, with the largest falls in Westminster, Hammersmith & Fulham and Camden, of -9.0%, -5.2% and -4.8% respectively.

3.3. Local Market Summary

According to the most recent Land Registry House Price Index, annual growth in Cardiff was 4.02%, lower than the average rise for Wales of 5.48%. The Land Registry average house price in Cardiff in November 2018 was £207,976, showing a -0.32% price drop from the previous month. The average price of a detached house in Cardiff was £388,201 in November 2018, having grown 4.58% from the previous year where the average price was £371,212.

The majority of sales in Llandaff during the last year were semi-detached properties, selling for an average price of £316,242. Terraced properties sold for an average of £224,458, with flats fetching £186,599. Llandaff, with an overall average price of £293,438, was similar in terms of sold prices to nearby Danescourt (£298,572), but was more expensive than Llandaff North (£237,698) and Fairwater (£177,044).

3.4. Sales Transactions

In reaching our opinion of value for the property we have had regard to a number of sales of comparable properties for both development land and completed units in the vicinity and discussions with both our own agents and local agents.

We have highlighted comparable sales and made adjustments to the comparable evidence to reflect the individual characteristics of each property, including: location, size, outside space and condition.

Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

3.4.1. Comparable Evidence

The Rise, Penhill Road, Pontcanna



This 0.61 acre brownfield site with detached 19th Century villa extending to 10,990 sq ft sold at auction for £1,600,000 in October 2017, reflecting £2,622,951 per acre and £145.59 per sq ft. The site has since been cleared and planning permission granted for the development of 8 no. five storey townhouses, 1 no. detached house and 4 no. semi-detached houses.

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The Orchards, Llanishen



This 2.06 acre brownfield site sold for £3,800,000 in March 2017, reflecting £1,844,660 per acre. The property was bought by McCarthy & Stone and has since been developed as a Later Living scheme and Assisted Living Complex.

Suffolk House, Llandaff Road/ Romilly Road, Canton



This 0.67 acre brownfield site with three storey detached locally listed building extending to 5,387 sq ft sold for £800,000 in February 2017, reflecting £1,194,030 per acre and £148.51 per sq ft. Since the sale a planning application has been submitted for part demolition of modern extensions to Suffolk House and re-development to provide 10 no. apartments and construction of 7 no. townhouses.

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Lozelles, Church Road, Lisvane



The site extending to 0.89 acres with outline planning permission for 3 detached plots whilst retaining the existing residence. The site sold for £1,425,000 in June 2016, reflecting £1,600,000 per acre. The site has since received full planning permission in February 2018 for a development of 2 houses and 11 self-contained apartments. The S106 agreement obligations equal £257,187.

Land Between 3 and 5 The Avenue, Llandaff



This greenfield site adjoining the property extending to 0.40 acres sold for £700,000 in February 2015, reflecting £1,750,000 per acre. The site has since been developed and comprises 1 no. detached and 2 no. semi-detached new build houses.

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Former BBC Wales Headquarters, Llantrisant Road, Llandaff



This brownfield site adjoining the property and extending to 17.45 acres (gross)/ 11.7 acres (net) formed as two separate parcels sold on a subject to planning and vacant possession basis for £20,050,000 in 2014, reflecting £1,148,997 per gross acre and £1,713,675 per net acre. The site is proposed for 360 dwellings, 20% of which will be on site affordable units. The BBC have yet to provide vacant possession which is anticipated at the end of 2019/ early 2020. We understand that terms of purchase require a revaluation 3 months prior to legal completion

Churchills Hotel, Cardiff Road, Llandaff



This Grade II Listed 23-bed hotel building and row of cottages offering 9 additional rooms occupying a 0.96 acre site sold for £2,400,000 in June 2015, reflecting £2,500,000 per acre. The site has since been redeveloped, converting the main hotel building into a pair of semi-detached houses, cottages demolished and 7 no. new dwellings built in the grounds of the hotel.

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Trenewydd, 5 Fairwater Road, Llandaff



This detached property extending to 7,728 sq ft formerly used as offices by the Health Board occupying a 0.30 acre site sold for £650,000 in March 2014, reflecting £2,166,667 per acre and £84.11 per sq ft. The property has since gained planning permission for re-development into a 5-bed residential dwelling.

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4. Valuation Advice

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4.1. Principal Valuation Considerations

The principal matters that impact on the value of the property are as follows:

4.1.1. Location and Situation

The property is in a prime north Cardiff suburb where house prices are higher than the Cardiff average and where there is a sustained demand for good quality housing.

4.1.2. Planning

The property does not benefit from planning permission for re-development. However the site is allocated within the Local Development Plan as a non-strategic housing site for approximately 90 units. In arriving at our valuation, we have assumed that planning permission will be forthcoming in a suitable form. Our valuation does not allow any discount to reflect an unconditional sale without planning, but instead assumes that the Health Board would dispose of the property on a subject to planning basis.

4.1.3. Environmental Considerations

There are a number of environmental constraints associated with the site which include the presence of two Listed Buildings, a large number of Tree Protection Orders, bats and breeding birds and the inclusion in Cadw's non-statutory Register of Landscapes, Parks and Gardens of Special Historic Interest in Wales (Grade II).

4.1.4. Potential Contamination

The property is a brownfield site and it is therefore possible that land contamination exists. We recommend that further investigation is undertaken to establish this position but our valuation assumes, in the absence of this information, that ground conditions are suitable for development without any significant abnormal costs being required. We have made allowances for demolition within our valuations where we consider this is likely to enable redevelopment.

4.1.5. Tenure

The property is held freehold and is occupied by the freeholder, Cardiff & Vale UHB. Our valuations assume that good freehold title is available for the property, that rights for access are available and that there are no onerous restrictions or obligations on title.

4.1.6. Market

Given that Llandaff is considered a desirable residential suburb, we expect the continuation of good levels of demand for residential development land and new homes in this location. We also anticipate that there will be a level of interest from care and retirement operators. The listed building could potentially be utilised for a variety of uses including the conversion to residential, institutional use, hotel and/or restaurant.

4.2. Approach To Valuation

We have valued the three distinct elements of the site, as shown on the plan at **Appendix 2**, in isolation of one another to arrive at our opinion of value for the property as a whole.

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We have considered the sale of development sites within the area. Each development site has its own peculiarities and different development difficulties. We have therefore adjusted and analysed our comparables to reflect these differences. The comparables show a wide range in values demonstrating the importance of understanding the location, proposed development, costs and marketing of individual development sites.

We provide a summary of our valuation methodology for the three distinct sites as follows:

Site 1 (Green): Rookwood Lodge

In arriving at our opinion of value for the area shaded green on the site plan we have adopted the comparable method of valuation. We have applied a value of £600,000 to this site which reflects £1,714,286 per acre and £147 per sq ft. Our opinion of value is supported by the following comparable evidence.

The sale of the land between 3 and 5 The Avenue proved a useful comparable as it is located within close proximity to Rookwood Lodge and had a similar site area extending to 0.40 acres. The property sold for £700,000 in February 2015, reflecting £1,750,000 per acre. The sale of The Rise on Penhill Road also proved a useful comparable. The property sold for £1,600,000 in October 2017, reflected £146 per sq ft.

Site 2 (Blue): Artificial Limb & Appliance Centre

In arriving at our opinion of value for the area shaded blue on the site plan we have adopted the comparable method of valuation. We have assumed a net developable area in the order of 2 acres and applied a value of £3,600,000 to this site which reflects £1,800,000 per net acre. Our opinion of value is supported by the following comparable evidence.

The sale of The Orchards in Llanishen proved a useful comparable as the site had a similar site area to the subject property, extending to 2.06 acres. The property sold for £3,800,000 in March 2017, reflecting £1,844,660 per acre. The property has been re-developed for care and retirement living which is potentially an appropriate use for the future development of the subject site.

Site 3 (Red): Rookwood House, Former Stables and Southern Area of Site

In arriving at our opinion of value for the area shaded red on the site plan we have adopted the comparable method of valuation. We have assessed the site in three parts; Rookwood House, the former stables (on the basis that there may be some pressure to retain this building) and the southern area of the site.

We have applied a value of £250,000 to the former stables part of the site which reflects £1,515,152 per acre. The sale of the land between 3 and 5 The Avenue proved a useful comparable for this part of the site as it is located within close proximity. The property sold for £700,000 in February 2015, reflecting £1,750,000 per acre, albeit the site of the former stables is slightly more constrained and as such we have applied a slightly lower pro-rata value.

We have applied a value of £500,000 to Rookwood House and the land lying to the west. This is a unique asset which makes it more difficult to make direct comparisons with. Suffolk House is our most useful comparable in terms of its location and the property is a locally listed building. The property sold for £800,000 in February 2017. It is possible that a sale of Rookwood House in isolation would achieve a higher value. However, in consideration of Site 3 as a whole we consider the most likely purchaser would be a housebuilder who would view Rookwood House as a constraint, and therefore we have adopted a more cautious approach to its valuation.

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We have assumed a net developable area of the southern area of the site of circa 4 acres and have applied a value of £5,300,000, reflecting £1,250,000 per acre. This takes into consideration costs associated with putting the summer house into repair estimated at £260,000, S106 and off-site affordable housing contributions, demolition and some abnormal costs. The sale of the former BBC Wales Headquarters proved a useful comparable due to its close proximity to the subject site. A sale was agree in 2014 for £20,050,000, reflecting £1,713,675 per acre.

In addition, we are aware of serviced parcels on the Plasdwr strategic development site on the northern outskirts of Cardiff transacting at values equivalent to approximately £1,300,000 per net acre, which is helpful in understanding the tone of values that national housebuilder are paying for good quality mainstream housing sites in this location.

4.3. Valuation

Having carefully considered the property, as described in this report, we are of the opinion the current Market Value of the three elements of property with full vacant possession, and on the assumption that they are sold on a subject to planning basis is in the order of:

No.	Map Key	Site	Market Value
1	Green	Rookwood Lodge	£600,000
2	Blue	Artificial Limb & Appliance Centre	£3,600,000
3	Red	Rookwood House, Former Stables and Southern Area of Site	£6,000,000
Total:			£10,200,000

£10,200,000
(TEN MILLION TWO HUNDRED THOUSAND POUNDS)

We consider that a period of 18-24 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation on a subject to planning basis, taking into account the nature of the property and the state of the market.

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5. General Assumptions & Conditions to Valuations

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5.1. General Assumptions and Conditions

5.1.1. General Assumptions

Unless otherwise stated in this report, our valuation has been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it.

1. That the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in this report is both complete and correct.
3. That the building has been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
4. That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
5. That the building is structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.
6. That the property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
8. That the property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
9. That the property does not suffer from any risk of flooding. We have not carried out any investigation into this matter.
10. That the property either complies with the Disability Discrimination Acts and all other Acts relating to occupation, or if there is any such non-compliance, it is not of a substantive nature.
11. That the property does not suffer from any ill effects of Radon Gas, high voltage electrical supply apparatus and other environmental detriment.

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12. That there are no adverse site or soil conditions, that the property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

5.1.2. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
2. Our valuation is exclusive of VAT (if applicable).
3. No allowance has been made for any expenses of realisation.
4. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
5. Energy Performance Certificates (EPCs) are required for the sale, letting, construction or alteration of all residential buildings on non-domestic residential buildings over 538 sq ft (50 sq m) in England and Wales and on all buildings in Scotland. The effect of EPCs on value is as yet unknown, given that the market has yet to respond to their introduction. Therefore, we have not considered the property's EPC rating in forming our opinion of value. However, should this position alter, we reserve the right to reconsider our opinion of value.
6. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation.
7. Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

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Appendices

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Appendix 1

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25 January 2019



Jonathan Nettleton
Cardiff & Vale University Health Board
University Hospital of Wales
Heath Park
Cardiff
CF14 4XW

Scott Caldwell MRICS
E: scaldwell@savills.com
DL: +44 (0) 2920 368943

2 Kingsway
Cardiff CF10 3FD
T: +44 (0) 29 20 368900
F: +44 (0) 29 20 368999
savills.com

Dear Jonathan

PROPERTY: ROOKWOOD HOSPITAL, FAIRWATER ROAD, LLANDAFF, CARDIFF, CF5 2YN

Confirmation of terms of engagement for the provision of valuation advice

1. Thank you for your email to us dated 16 January 2019. We are grateful to you for your kind instructions to advise and now write to confirm the terms upon which Savills (UK) Limited (**Savills, we or us**) will provide Cardiff & Vale University Health Board (**you**) with a valuation report (the **Valuation** or **Report**) in respect of the above property (**Property**).
2. Our Valuation will be undertaken on the terms set out in this letter, including its appendices.
3. Please sign and return a copy of this letter to us to confirm your acceptance of the terms set out herein. In particular, we draw your attention to the fact that when signing this letter you are confirming your agreement to the limitation of our liability set out at paragraphs 8 -12 inclusive.
4. Please note we will be unable to formally issue our final Report to you, and you will be unable to rely upon the contents of our Report, until such time as we have received your signed copy of this letter.
5. To the extent that there is conflict or inconsistency between this confirmation of instruction letter and your email referred to above, this confirmation of instruction letter will prevail.
6. **Conflicts of Interest**

We confirm that Savills (UK) Limited does not have a material connection or involvement with the subject property or any other parties and there are no other factors that could limit the valuer's ability to provide an impartial and independent valuation. Therefore, the valuer will report an objective and unbiased valuation.

RICS Red Book

7. We shall prepare our Valuation in accordance with the RICS Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards) and the RICS Valuation – Global Standards 2017 - UK national supplement, together the **"Red Book"**. Accordingly, we confirm that:
 - (a) Identification and status of the Valuer

- (i) The Valuation will be the responsibility of and the Report will be signed by Scott Caldwell MRICS, RICS RV, Director (the **Valuer**). The Valuer will work with colleague(s) as

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Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East..

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Registered office: 33 Margaret Street, London, W1G 0JD



appropriate, and the Report will be counter-signed by at least one other RICS Registered Valuer;

- (ii) The Valuer has sufficient current knowledge of the particular market(s) and sufficiently developed skills and understanding to undertake the valuation competently.

(b) Identification of the client and other intended users

The client is the addressee of this letter. We will address our Report to Cardiff & Vale University health board (the **Addressee**).

(c) Identification of the asset or liability to be valued

- (i) The Property address is Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN
- (ii) The interests to be valued is freehold. The Property will be valued with vacant possession, details to be confirmed in our Report.
- (iii) The interest to be valued comprises an operational hospital proposed for residential development following relocation of the service and is currently held for owner occupation but is expected to be declared surplus to requirements and available for redevelopment.

(d) The valuation will be in pounds sterling

(e) Purpose of the valuation

The Valuation is required for internal purposes. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at sub-paragraph (l) below.

(f) Basis of value

The basis of our Valuation will be Market Value the definitions (and source) of which are set out at **Appendix 1** (attached).

(g) Valuation date

The Valuation date will be the date of our report. You will appreciate that in providing you with our Valuation, we shall have regard to market conditions as at the Valuation date. Naturally, these are subject to change and it is therefore important that the Addressees take account of any such change in conditions that may occur from the Valuation date before making any binding decision in relation to the Property. Please do not hesitate to contact us ahead of making any binding decision which takes account of our Valuation if you have any concerns in this respect.

(h) Extent of investigation

We will carry out an inspection of the Property and undertake investigations to the extent necessary to undertake the Valuation. We will not carry out a structural survey or test the services and nor will we inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.

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(i) Nature and source of information to be relied upon

(i) We will carry out our Valuation on the information listed below:

(ii) To the extent that you have provided us with information and / or instructed us to obtain it from a third party you agree, unless it is otherwise agreed by us in writing, that we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.

(iii) Floor areas: We will not be measuring the Property. It is agreed that we will rely on floor areas provided to us by you.

(iv) We will not make formal searches with local planning authorities, but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.

(v) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any third party or from the Land Registry or any database to which we subscribe. We will highlight in our Report where we have relied on such information.

(j) Assumptions and Special Assumptions

Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached at **Appendix 2**.

(k) Format of Report

We will adopt the relevant Savills (UK) Limited long form / short form valuation report template, adapted, as necessary, to accommodate your instructions.

(l) Restrictions on use, distribution or publication

(i) Our Report shall be confidential to, and for the use only of, the Addressee and no responsibility shall be accepted to any third party for the whole or any part of its contents.

(ii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion).

(iii) Where any addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties. If this is not done or we do not agree to be responsible to further named parties, we shall have no responsibility to any party other than the Addressee(s).

(iv) Draft reports, if provided, will be sent on the basis that they are provisional (i.e. subject to completion of our final report) and for your internal purposes only. They must not be published or disclosed and you will not be entitled to rely upon them for any purpose whatsoever. Savills neither owes nor accepts a duty of care to you in connection with any drafts and shall not be liable to you for any loss, damage, cost or expense of whatever nature caused by your use of or reliance on them. Should you choose to rely upon a draft

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you do so entirely at your own risk and you are responsible for carrying out your own independent investigations.

- (v) We confirm that our valuation will be undertaken in accordance with the RICS Valuation – Global Standards (2017) which incorporate the International Valuation Standards (IVS) and the RICS Valuation – Global Standards 2017 - UK national supplement, together the “Red Book”.
- (m) The basis on which the fee will be calculated
 - (i) The agreed fee for the provision of the Valuation is £5,000 plus VAT but inclusive of expenses and is payable in pounds sterling.
 - (ii) Our agreed fee and any expenses, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by you to us within 30 days of us issuing you with a valid VAT invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above the Barclays Bank base rate for payment.
 - (iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.
 - (iv) If we incur any expenditure on solicitors or other third parties in order to recover the fee due, such amounts will be payable by you.
 - (v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.
 - (vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid as detailed here.
- (n) Savills Complaints Handling Procedure

A copy of our Client Complaints Handling Procedure can be made available to you on request.
- (o) Monitoring under RICS conduct and disciplinary regulations

Savills (UK) Limited is regulated by the RICS. Compliance with the standards set down in the Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

Limitations on Liability

- 8. Subject to paragraph 12 below, our aggregate liability to any one, or more, or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this agreement and our Valuation, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to the lower of:
 - (a) 25% of the Value (as defined below) of the Property stated in our Report; and
 - (b) £75M.

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9. In paragraph 8, **Value** means:

- (a) where more than one value is stated for the same Property on different bases, the highest valuation figure recorded in our Report; and
 - (b) in the case of valuations of portfolios, estates, shopping centres and other multi-unit properties within one Report, the aggregate of our valuations included in the one Report.
10. You acknowledge and agree that we shall not be liable under or in connection with this agreement and the provision of our Valuation in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with this agreement to the extent such loss or damage is consequential, indirect, special or punitive.
11. You acknowledge and agree that none of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring a claim against any such individuals personally in connection with our services.
12. Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for any other liability that cannot be excluded by law.

Insurance

13. During the period that we are producing our Valuation and for a period of six years thereafter, we will maintain in force, with insurers or underwriters approved by the RICS, professional indemnity insurance in an amount not less than the amount of our liability cap, as calculated pursuant to clause 8 above and shall, on your request, produce confirmation of the same from our insurance broker.

Reliance

14. As stated above, we accept responsibility for our Report only to the Addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

Confidentiality

15. Neither party shall disclose any confidential information relating to the affairs, business, customers or clients of the disclosing party to any other party without the disclosing party's prior written consent except to those of the disclosing party's employees, officers, representatives and/or advisors who need to know the information for the purposes of carrying out the receiving party's obligations under this agreement (save to the extent that the receiving party is compelled to disclose such information by law).
16. Our Report is confidential to and for the use only of the Addressees, but the Addressees may disclose the Report on a non-reliance and without liability basis to their directors, officers, employees and professional advisers provided the relevant Addressee procures any person to whom our Report is disclosed pursuant to this paragraph 16 keeps the Report confidential and does not disclose it to any other party.

Saunders Nathan
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Data Protection

17. We may use your personal information in our provision of services to you. Please see our Privacy Notice for details of how your personal information will be used. Our Privacy Notice can be found at the following web address: <http://www.savills.co.uk/footer/privacy-policy.aspx>

Reinstatement Costs

18. If you have instructed us to report on the reinstatement cost of the Property for insurance purposes, we will provide you with an approximate opinion of such cost only. You acknowledge and agree that the provision of our opinion of the reinstatement cost is provided to you strictly without liability and on a non-reliance basis. If you require a reinstatement cost figure on which you may rely, please let us know and we will ask our building surveying colleagues to provide a fee estimate.

Sub-Contracting

19. We may sub-contract the provision of any services to be performed by us pursuant to this agreement (including, without limitation, to other companies that are direct or indirect subsidiaries of Savills plc) provided that we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.

Money Laundering

20. You shall promptly, upon request, provide us with any information reasonably required to enable us to comply with our obligations under the Money Laundering Regulations and our internal compliance policies relating to the same. For the avoidance of doubt, searches may also be conducted on your directors and "beneficial owners" as is required by the legislation. You agree that we may retain such information and documentation for these purposes and make searches of appropriate databases electronically. If such information is not provided within a reasonable time or you do not meet the requirements set out in our relevant internal policies, we may terminate this instruction immediately upon written notice to you.

Health and Safety

21. If we are undertaking physical inspections of the Property, you shall take reasonable steps to procure that the owner and/or occupier of the Property: (a) advises us of any hazards to which our staff may be exposed at the Property (b) provides us with any relevant health and safety policies and (c) arranges for any site visits to the Property to be hosted by a representative of the owner/occupier of the Property.

Jurisdiction

22. This agreement and any dispute arising from the Valuation is subject to English jurisdiction and law.

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Appendices

23. Your attention is drawn to the attached appendices which form part of the agreement between us and on which our Valuation will be reported. By signing a copy of this letter you are also confirming your agreement to them.

Yours sincerely

Scott Caldwell MRICS Registered Valuer
Director

Client Acceptance

I confirm Cardiff & Vale University Health Board's agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by **Cardiff & Vale University Health Board** by its duly authorised signatory

Name in capitals	<hr/>
Position	<hr/>
Date	<hr/>

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Appendix 1: Definitions and Bases of Valuation - definitions

Assumption: A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, do not need to be verified by the valuer as part of the valuation process. (RICS Valuation – Global Standards, 2017)

Depreciated Replacement Cost: The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. (RICS Valuation – Global Standards, 2017)

Existing Use Value: The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost. (RICS Valuation – Global Standards 2017 – UK national supplement)

NB Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

External Valuer: A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment. (RICS Valuation – Global Standards 2017). Unless otherwise stated, External Valuer does not refer to the role of an external valuer within the context of the Alternative Investment Fund Managers Directive 2011/61/EU and its implementing provisions in the United Kingdom unless agreed otherwise in writing.

Equitable Value The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (IVS 104 – Bases of Value).

Fair Value: The definition adopted by the International Accounting Standard Board (IASB) is: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment Value (worth): The value of an asset to a particular owner or prospective owner for individual investment or operational objectives. (IVS 104 paragraph 60.1)

Market Rent: The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS 104 paragraph 40.1)

Market Value: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS 104 paragraph 30.1)

Special Assumption: An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. (RICS Valuation – Global Standards, 2017)

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Appendix 2: General assumptions and conditions applicable to all Valuations

Unless otherwise agreed in writing and /or stated in our report, our Valuation will be carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event we reserve the right to revisit our calculations.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property, and that the information supplied to us and summarised in this Report is both complete and correct.
3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
5. That the building(s) is/are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building(s) we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the Property and our Report do not constitute a building survey or any warranty as to the state of repair of the Property. Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.
6. That there is unrestricted access to the Property and that it is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. Sewers, mains services and roads giving access to the Property have been adopted, and any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and the use of communal grounds, parking areas and other facilities.
8. That in the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
9. That the Property is free from environmental hazards and has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
10. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.

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11. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.
12. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
13. Our Valuation will be exclusive of VAT (if applicable).
14. No allowance will be made for any expenses of realisation.
15. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
16. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.
17. In the case of a Property where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.
18. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.
19. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct.

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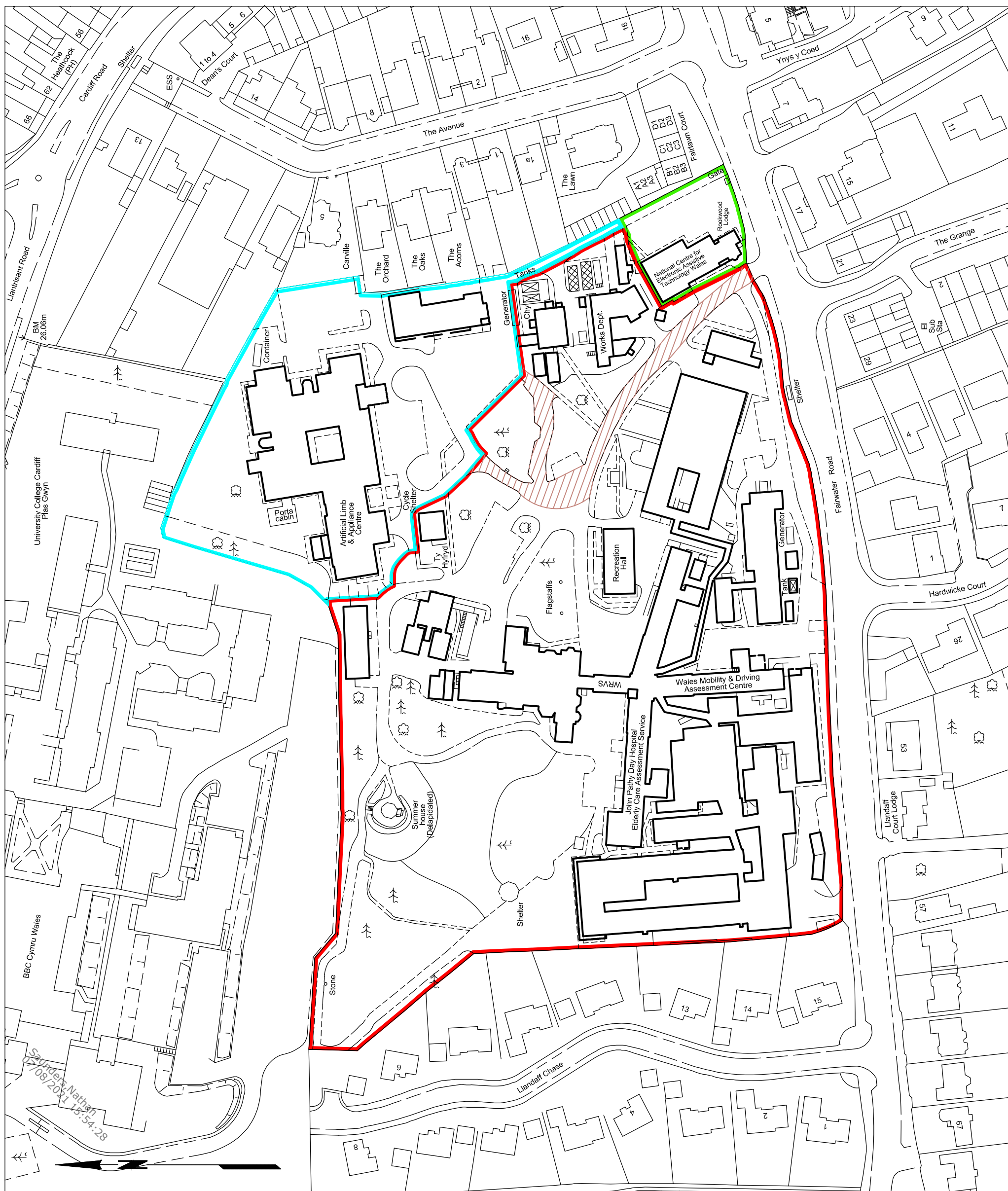
Report & Valuation

Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN



Appendix 2

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Report & Valuation

Rookwood Hospital, Fairwater Road, Llandaff, Cardiff, CF5 2YN



Appendix 3

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UK Housing Market Update



First Time Buyers overtake Home Movers as largest buyer type

House prices rose 0.3% in January, according to Nationwide. This put annual growth at 0.1%, the lowest figure for 6 years. In part this is because January 2018, the strongest month of last year, has dropped out of the annual growth number.

The RICS Survey reflects this slowing growth. The number of surveyors expecting price falls increased for the 6th consecutive month and near-term sales expectations were at their lowest level since the series started in 1999. Numbers of new enquiries and instructions continued to fall, although slightly fewer surveyors reported falls than in the previous month. Transaction numbers remained largely flat in November for most regions, except in Wales, which saw a modest increase, and London, which continued its gradual downward trend.

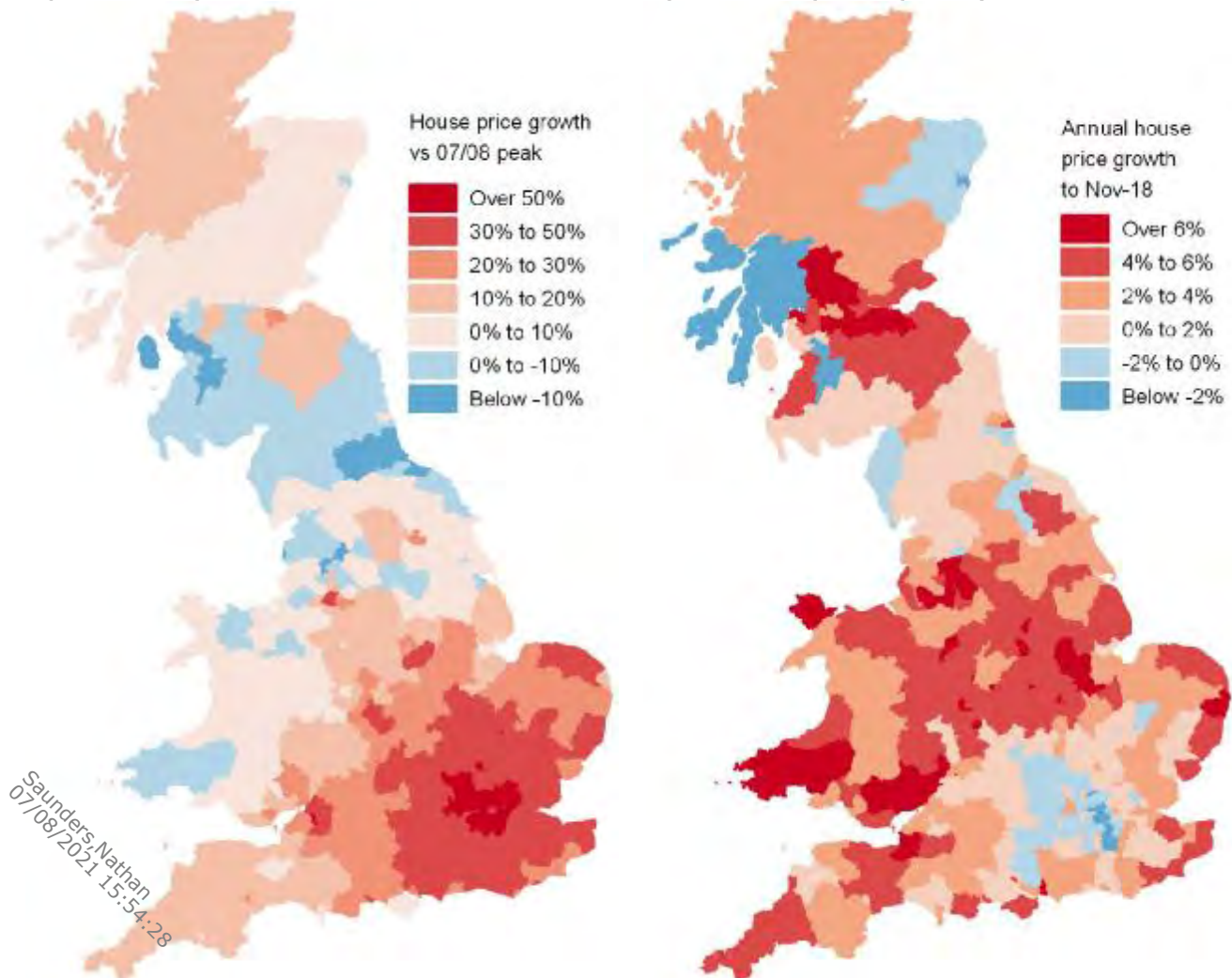
Transaction numbers have been boosted in recent years by rising numbers of First Time Buyers and they are now the largest buyer type, having overtaken Home Movers. The last time First Time Buyers were the largest buyer type was 1995. They have been strongly supported by government policy, notably Help to Buy, while Home Movers have struggled to climb the housing ladder. The high street banks remain keen to grow their lending to this group. Lloyds recently announced a new 100% mortgage for First Time Buyers, to be secured by a family member opening a savings account, a move that seeks to further capitalise on the 'Bank of Mum and Dad'. Competition for borrowers was also reflected in slight falls in the average interest rate on fixed term mortgages between October and November last year.

The southern Welsh districts of Blaenau Gwent and Torfaen saw the strongest price growth of approximately 11%, followed by Newport at 10%, in the year to November 2018, albeit from a low base in both cases. London continued to struggle, with the largest falls in high value Westminster (-10%), followed by Camden and Ealing, both down approximately 5%.

Rental growth continues to be the strongest in the East Midlands with annual growth at 2.5%, followed by the West Midlands at 1.9%. London rental growth continues to be the weakest, up 0.1% on the previous year.

Figure 1 – Average price versus 2007/8 peak, Nov-18

Figure 2 – Average price growth, year to Nov-18



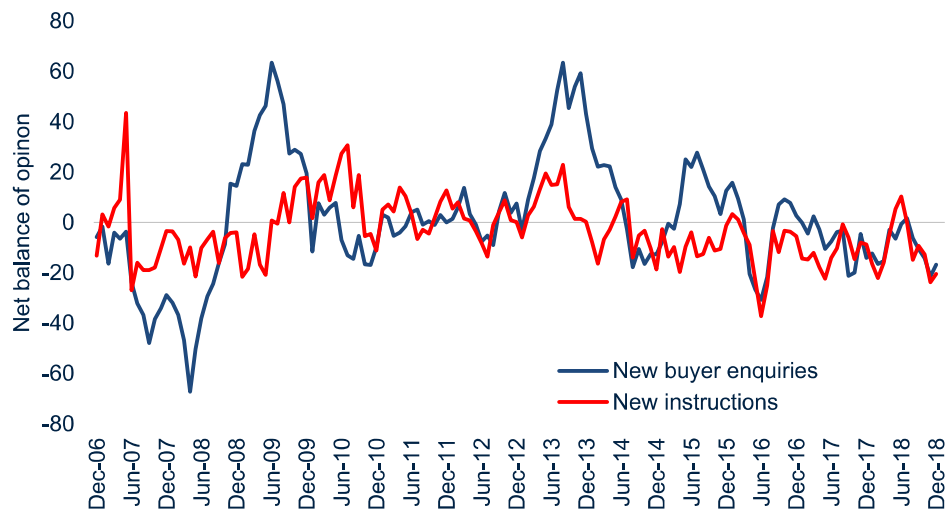
Source: Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

The number of surveyors reporting rising numbers of instructions and enquiries has been on a steep downward trend since June last year.

The most recent month, December, saw a slight uptick in sentiment, with reports of both new instruction and enquiries rising slightly.

Both measures are still negative, with the majority of surveyors reporting falls.

Figure 3 – Survey sentiment remains subdued



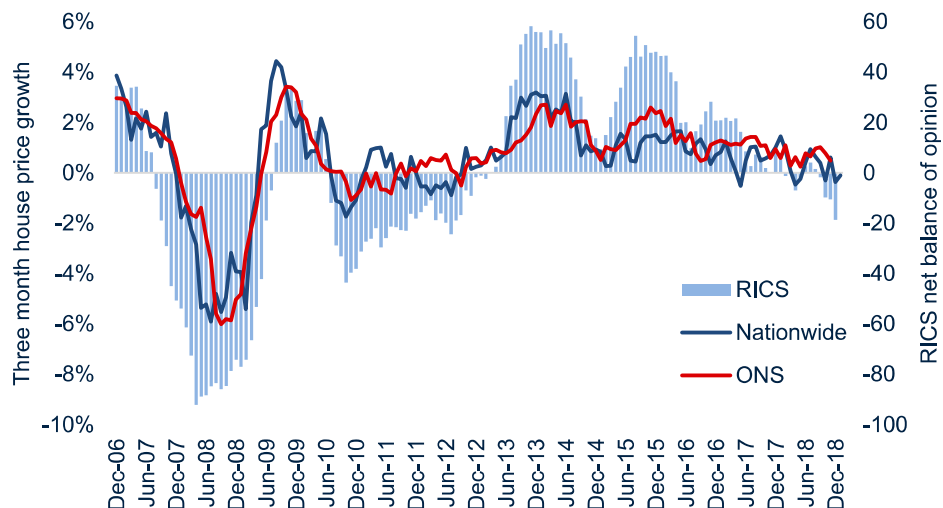
Source: RICS (seasonally adjusted)

The RICS Survey has, at times, been a good forward indicator of house price movements.

Surveyor perception of price growth currently sits firmly in negative territory at -19, the lowest it has been since 2012. Nationwide three-month price growth is flat, after the large fall in December.

The ONS index, two months behind Nationwide, is tracking downwards, which is likely to bring it more in line with the other measures.

Figure 4 – Price growth continues to struggle



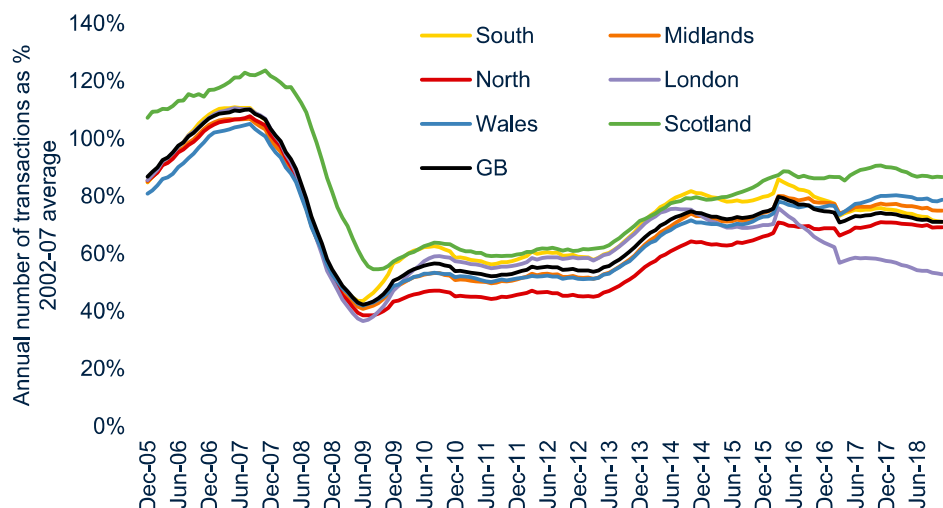
Source: RICS, Nationwide, ONS

Transactions at a national level and across most regions were flat in November, with the notable exceptions being Wales and London.

Wales saw transactions rise 0.7%. They were still down 1.6% on the previous year, but that was the smallest annual fall of any region.

London continues its downward trajectory, with the 12 months to November 2018 having an estimated 7.2% fewer transactions than in the preceding 12 month period.

Figure 5 – Transactions flatten out



Source: Savills using HM Land Registry (adjusted for count lag) and Registers of Scotland

February 2019

UK Housing Market Update



Recent house price growth

	Nationwide (to Dec-18 for regions, to Jan-19 for UK)			ONS (to Nov-18)			Savills (to Nov-18)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.3%	-0.1%	0.1%	0.1%	0.5%	2.9%	0.2%	0.9%	2.7%
London	n/a	0.1%	-2.2%	-0.3%	-0.3%	-0.6%	-0.3%	-0.3%	-1.8%
South East	n/a	-0.2%	-0.5%	0.4%	0.1%	1.1%	0.0%	0.4%	1.4%
East of England	n/a	0.0%	1.4%	1.0%	0.9%	2.6%	0.2%	0.7%	2.2%
South West	n/a	0.8%	1.5%	1.1%	1.5%	4.3%	0.4%	1.0%	3.4%
East Midlands	n/a	0.0%	2.9%	0.5%	0.6%	4.4%	0.5%	1.4%	4.7%
West Midlands	n/a	0.2%	1.6%	0.0%	1.2%	4.7%	0.5%	1.6%	5.1%
North East	n/a	0.6%	-1.7%	1.1%	2.6%	4.0%	-0.1%	0.3%	1.5%
Yorks & Humber	n/a	-0.3%	1.3%	-0.9%	-0.9%	2.0%	0.4%	1.2%	3.8%
North West	n/a	-0.2%	1.5%	-0.6%	0.7%	3.1%	0.4%	1.2%	4.1%
Wales	n/a	1.8%	1.8%	0.8%	1.0%	5.5%	0.7%	1.9%	5.6%
Scotland	n/a	-0.3%	1.7%	-0.8%	0.0%	3.0%	0.0%	1.4%	4.2%

Source: Savills using HM Land Registry and Registers of Scotland*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

Five year forecasts (first published November 2018)

	2019	2020	2021	2022	2023	5-year
UK	1.5%	4.0%	3.0%	2.5%	3.0%	14.8%
London	-2.0%	0.0%	2.5%	1.5%	2.5%	4.5%
South East	0.0%	2.0%	2.5%	2.0%	2.5%	9.3%
East of England	0.0%	2.0%	2.5%	2.0%	2.5%	9.3%
South West	0.5%	3.5%	2.5%	2.5%	3.0%	12.6%
East Midlands	3.0%	5.0%	3.5%	3.0%	3.5%	19.3%
West Midlands	3.0%	5.0%	3.5%	3.0%	3.5%	19.3%
North East	2.0%	5.0%	3.5%	2.5%	3.5%	17.6%
Yorks & Humber	2.5%	5.5%	4.0%	3.0%	4.0%	20.5%
North West	3.0%	6.0%	4.0%	3.0%	4.0%	21.6%
Wales	2.0%	5.5%	4.0%	3.0%	3.5%	19.3%
Scotland	2.5%	5.0%	3.5%	2.5%	3.5%	18.2%

Source: Savills

Contacts



Ed Hampson
Analyst
ed.hampson@savills.com
020 3107 5460



Chris Buckle
Director
cbuckle@savills.com
0207 016 3881

*Savills index is an unadjusted repeat sales index based on HM Land Registry and Registers of Scotland price paid data. Note that Savills national index (labelled UK) is for Great Britain, not including Northern Ireland.

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Scott Caldwell MRICS
RICS Registered Valuer
Director

+44 (0) 2920 368943
+44 (0) 2920 368999
scaldwell@savills.com

Andrew Weeks MRICS
RICS Registered Valuer
Associate Director

+44 (0) 2920 368944
+44 (0) 2920 368999
aweeks@savills.com

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LEGAL ADVICE – PRIVILEGED

CARDIFF AND VALE UNIVERSITY HEALTH BOARD

Charity Law advice relating to the disposal of Rookwood Hospital, Llandaff

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Geldards
law firm

CARDIFF AND VALE UNIVERSITY HEALTH BOARD

Charity Law advice relating to the disposal of Rookwood Hospital, Llandaff

1. Background

- 1.1 We have been instructed by Cardiff & Vale University Health Board (“CVUHB”) in its capacity as sole trustee of the charity known as Rookwood Hospital (registered with the Charity Commission as a linked charity of Cardiff and Vale University Local Health Board General Purpose Charity).
- 1.2 We understand that CVUHB wishes to dispose of Rookwood Hospital, Llandaff to Cardiff County Council (“the Council”) by way of a sale. The Council intends to develop the land for social housing purposes.
- 1.3 The Rookwood Hospital Charity (“the Charity”) is governed by a Deed of Gift dated 14 August 1924 as affected by a Charity Commission Scheme dated 24 October 1980 and Charity Commission Order dated 7 May 1997, copies of which are in our possession.
- 1.4 We have also been provided with the following:
- (a) Cardiff Local Development Plan Examination – Hearing Session 9 (3 February 2015) re. Rookwood Hospital
 - (b) Repot on Disposal of Rookwood Hospital for a meeting of CVUHB as corporate trustee of the general purpose charity dated 27 June 2019
 - (c) Disposal Strategy document (May 2019)
 - (d) Report and Valuation dated February 2019 prepared by Savills
- 1.5 According to the Charity Commission register, the objects of the Charity are as follows:

“THE HOSPITAL BELONGING TO THE SAID CHARITY KNOWN AS ROOKWOOD HOSPITAL AND THE PROPERTY OCCUPIED THEREWITH SHALL BE APPROPRIATED AND USED AS A HOSPITAL OR HOME (IN WHICH MAY BE ESTABLISHED A CENTRE FOR THE PROVISION OF ARTIFICIAL LIMBS AND APPLIANCES, FOR THE PROVISION OF INVALID

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VEHICLES AND FOR THE MAKING OF GRANTS TOWARDS THE COST OF PROVISION OF INVALID AIDS) FOR SICK AND DISABLED PERSONS WITH A PREFERENCE FOR SICK AND DISABLED NAVAL AND MILITARY PENSIONERS AND IN PARTICULAR SUCH PENSIONERS WHO ARE PARAPLEGIC CASES”

- 1.6 These objects are set out in the Charity Commission Scheme dated 24 October 1980 and replaced the original objects set out in the Deed of Gift dated 14 August 1924.
- 1.7 We understand from the Deed of Gift that the land is freehold and we have relied on this fact in providing this advice.
- 1.8 We have been instructed to advise on the following questions:
- (a) Is the proposed sale of Rookwood Hospital to the Council for the purposes of providing social housing in furtherance of the objects of the Charity?
 - (b) Whilst the sale to the Council will be at a value confirmed by Savills, should CVUHB seek to obtain a higher sale price by advertising the land on the open market, given the fact that the land is prime development land?
- 1.9 We note from the Disposal of Rookwood Hospital Report dated 27 June 2019 that only the main hospital site will be disposed of with the other two sites will continue to belong to CVUHB as sole trustee of the Charity.

2. Executive Summary

- 2.1 Is the proposed sale of Rookwood Hospital to the Council for the purposes of providing social housing in furtherance of the objects of the Charity?
- (a) The existing objects state that the land must be used as a “*hospital of home...for sick and disables persons...*”. It is proposed that the land will be sold to the Council for social housing. This is not consistent with the existing objects of the Charity and as such it cannot be the case that the disposal of the land is made in furtherance of the charitable objects.

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- 2.2 Whilst the sale to the Council will be at a value confirmed by Savills, should CVUHB seek to obtain a higher sale price by advertising the land on the open market, given the fact that the land is prime development land?
- 2.3 CVUHB must comply with sections 177 to 121 of the Charities Act 2011 (“ChA 2011”). In this regard, CVUHB must obtain written advice from a properly qualified surveyor and advertise the proposed sale on the open market, for such period and in such a manner as the surveyor advises.
- 2.4 CVUHB must follow the advice of the surveyor in relation to advertising the proposed sale, unless the surveyor advises that such action would not be in the best interests of the Charity.
- 2.5 If CVUHB decides not to advertise the sale (either at all or not in accordance with the surveyor’s advice), then it must apply to the Charity Commission’s for an Order authorising the sale at an undervalue. Such an application must be made under section 105 ChA 2011 (power to authorise dealings with charity property).
- 2.6 The Charity Commission would likely expect that CVUHB has taken steps to ensure that the Council will not make a profit on the transaction. In this regard, a clause along the lines of that, if the Council used the land for any purpose other than social housing or if the Council sells to another developer then it will pay full development value to the Charity.
- 2.7 *Designated land and permanent endowment issues*
- (a) The land is designated land (i.e. land that must be used for a particular purpose, in this case as a “hospital or home...for sick and disabled persons...”). As such, under section 121 of ChA 2011 (additional restrictions where land held for stipulated purposes) public notice of the proposed sale must be given (section 121(2)).
- (i) The exception to giving public notice under section 121(2) is where the proceeds of sale will be used to purchase replacement property for the Charity. Spending the proceeds on developing other existing hospital sites is not the same as purchasing replacement property in this context.

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- (b) Alternatively, CVUHB can apply to the Charity Commission for a direction that section 121(2) will not apply to the proposed sale. In making the direction, the Commission must be satisfied that this is in the best interests of the Charity, so a strong case must be made.
- (c) The land is also permanent endowment, being an asset that is intended to be held in perpetuity/forever. Where the land is sold the existing objects of the Charity will attach to the proceeds of sale as opposed to the land. This applies in respect of freehold land only.
- (d) The question then arises as to how the proceeds of sale can be spent (which must be in furtherance of the existing objects). Purchasing land is an acceptable expenditure of permanent endowment but paying for buildings (which are considered to be wasting assets) would not be. In this regard, CVUHB would need to obtain the Charity Commission's consent by way of an Order to expend permanent endowment on buildings, most likely with a requirement for "recoupment".

2.8 *Dealing with the proceeds of sale / Cy pres considerations*

- (a) If CVUHB consider that the existing charitable objects are too restrictive and that these objects (which will attach to the proceeds of sale and continue to apply to the two sites that will remain with the Charity) should be widened/modernised, then an application must be made to the Charity Commission for a cy pres scheme pursuant to section 61 ChA 2011.
- (b) Section 62 ChA 2011 sets out the occasions in which a cy pres situation may arise. In terms of the timing for obtaining such a cy pres scheme, this can be made before or after the disposal of the land. However, please be aware that if the scheme is obtained after the disposal, the proceeds of sale must not be spent on the new wider objects until the scheme has been properly obtained.

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3. Is the proposed sale of Rookwood Hospital to the Council for the purposes of providing social housing in furtherance of the objects of the Charity?

- 3.1 The existing objects state that the land must be used as a “*hospital of home...for sick and disables persons...*”. It is proposed that the land will be sold to the Council for social housing. This is not consistent with the existing objects of the Charity and as such it cannot be the case that the disposal of the land is made in furtherance of the charitable objects.

4. Whilst the sale to the Council will be at a value confirmed by Savills, should CVUHB seek to obtain a higher sale price by advertising the land on the open market, given the fact that the land is prime development land?

Charities Act 2011 requirements

- 4.1 CVUHB must comply with sections 177 to 121 of the Charities Act 2011 (“ChA 2011”). In this regard, CVUHB must obtain written advice from a properly qualified surveyor and advertise the proposed sale on the open market, for such period and in such a manner as the surveyor advises.
- 4.2 CVUHB must follow the advice of the surveyor in relation to advertising the proposed sale, unless the surveyor advises that such action would not be in the best interests of the Charity.
- 4.3 If CVUHB decides not to advertise the sale (either at all or not in accordance with the surveyor’s advice), then it must apply to the Charity Commission’s for an Order authorising the sale at an undervalue. Such an application must be made under section 105 ChA 2011 (power to authorise dealings with charity property).
- 4.4 The Charity Commission would likely expect that CVUHB has taken steps to ensure that the Council will not make a profit on the transaction. In this regard, a clause along the lines of that, if the Council used the land for any purpose other than social housing or if the Council sells to another developer then it will pay full development value to the Charity.

Savills valuation – February 2019

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- 4.5 We note that CVUHB has obtained a written valuation from Savills dated February 2019. The valuation provides a “Market Value” of £10,200,000 for the three sites that make up Rookwood Hospital, and £6,000,000 for the main hospital (being the part of the land to be sold). “Market Value” is defined in the report on page 8 (appendix 1). Although the definition refers to “proper marketing”, it does not explicitly state what this would entail. However, we consider that the surveyor assumes that the value it has given is what could be obtained if the land is advertised on the open market.
- 4.6 In order to ensure that the report complies with section 119 ChA 2011, we would recommend that CVUHB instructs its surveyors to advise as to the manner and length of time of advertising the proposed sale. If the surveyor considers that advertising the proposed sale is not in the best interests of the Charity, this should be explained in the report.
- 4.7 To conclude, CVUHB (as sole trustee) is required to advertise the proposed sale in accordance with the surveyor’s advice (section 119(1)(b) ChA 2011).

5. Designated Land issues

- 5.1 The land is designated land (i.e. land that must be used for a particular purpose, in this case as a “hospital or home...for sick and disabled persons...”). As such, under section 121 of ChA 2011 (additional restrictions where land held for stipulated purposes) public notice of the proposed sale must be given.
- 5.2 Before any agreement for sale is entered into, under section 121(2) CVUHB is required to:
- (a) give public notice of the proposed sale, inviting representations to be made within a specific time frame set out in the notice (which must be a minimum of one month from the date of the notice); and
 - (b) take into consideration any representations made during that time frame.
- 5.3 The exception to giving public notice under section 121(2) is where the proceeds of sale will be used to purchase replacement property for the Charity. Spending the proceeds on developing other existing hospital sites (i.e. University Hospital Llandough) is not the same as purchasing replacement property in this context.

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- 5.4 Alternatively, if CVUHB (as sole trustee) does not consider it would be in the best interests of the Charity to give public notice, it can apply to the Charity Commission for a direction that section 121(2) will not apply to the proposed sale. In making the direction, the Commission must be satisfied that this is in the best interests of the Charity, so a strong case must be made.

6. Permanent endowment issues

- 6.1 The land is permanent endowment, being an asset that is intended to be held in perpetuity/forever. This does not automatically prevent a disposal of the land and where the land is sold the existing objects of the Charity will attach to the proceeds of sale as opposed to the land. This applies in respect of freehold land only.
- 6.2 The question then arises as to how the proceeds of sale can be spent (which must be in furtherance of the existing objects). Purchasing land is an acceptable expenditure of permanent endowment but paying for buildings would not be. This is because buildings are considered wasting assets for permanent endowment purposes. This would be the case where CVUHB intends to spend the permanently endowed proceeds of sale on the new building at the University Hospital Llandough (“UHL”) site. In this regard, CVUHB would need to obtain the Charity Commission’s consent by way of an Order to expend permanent endowment on the new build at UHL, most likely with a requirement for “recoupment”.

7. Dealing with the proceeds of sale / Cy pres considerations

- 7.1 If CVUHB consider that the existing charitable objects are too restrictive and that these objects (which will attach to the proceeds of sale and continue to apply to the two sites that will remain with the Charity) should be widened/modernised, then an application must be made to the Charity Commission for a cy pres scheme pursuant to section 61 ChA 2011.
- 7.2 Section 62 ChA 2011 sets out the occasions in which a cy pres situation may arise. We note that the Disposal Report dated 27 June 2019 refers to Rookwood Hospital being no longer suitable for use as a modern healthcare facility and that the care and services currently provided at Rookwood Hospital will be provided at UHL from 2020/2021. On this basis, the application for a cy pres scheme should set out that the original purposes cannot be carried out

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according to the directions given in the original gift and/or the original purposes have be a suitable method of using the property (i.e. the land). Other reasons may also apply.

- 7.3 We note from an email dated 25 November 2015 from the Charity Commission to Ian Davies of Eversheds that at that time the Commission was of the view that a cy pres case had been made on the basis that Rookwood Hospital will no longer be required once the new facility at UHL has been build. The email also refers to the “new purposes” being acceptable in principle. It would be useful to have sight of the initial correspondence with the Commission on this matter and the proposed new objects, if CVUHB proceeds to apply for a cy pres scheme.
- 7.4 Setting out the process for obtaining a cy pres scheme is outside the scope of this note. However, in our experience, this is not a quick process and can take anything from 6-12 months to obtain, depending on any direction by the Commission to give public notice of the proposed scheme and new purposes.
- 7.5 In terms of the timing for obtaining such a cy pres scheme, this can be made before or after the disposal of the land. However, please be aware that if the scheme is obtained after the disposal, the proceeds of sale must not be spent on the new wider objects until the scheme has been properly obtained.

8. Next steps

- 8.1 In this section we have summarised the steps that should follow in light of our advice.

8.2 Sale of land

- (a) Seek clarification from the surveyor as to the manner in which any marketing of the proposed sale should be conducted, unless the surveyor considers this would not be in the best interests of the Charity.
- (b) Where the CVUHB (as sole trustee) does not wish to follow the surveyor’s advice as to marketing the sale, it cannot proceed with the disposal without a Charity Commission Order authorising the sale at an undervalue. Such an application must be made under section 105 ChA 2011.

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8.3 Designated land issues

- (a) As the land is designated land, public notice of the proposed sale must be given under section 121 of ChA 2011. The exact requirements are set out in section 121(2).
- (b) The exception to this requirement is where the proceeds of sale will be used to purchase replacement property for the Charity. Spending the proceeds on developing other existing hospital sites is not the same as purchasing replacement property in this context.
- (c) Alternatively, the charity can apply to the Charity Commission for a direction that section 121(2) will not apply to the proposed sale. In making the direction, the Commission must be satisfied that this is in the best interests of the Charity.

8.4 Permanent endowment issues

- (a) The land is permanent endowment and where the land is sold the existing objects of the Charity will attach to the proceeds of sale as opposed to the land.
- (b) Consideration must be given to how the proceeds of sale can be spent (which must be in furtherance of the existing objects). Purchasing land is an acceptable expenditure of permanent endowment but paying for buildings would not be. If CVUHB wants to spend the proceeds of sale on buildings it would need to obtain a Charity Commission Order to expend permanent endowment on buildings, most likely with a requirement for “recoupment”.

8.5 Dealing with the proceeds of sale / Cy pres considerations

- (a) CVUHB may need to obtain a cy pres scheme pursuant to section 6 ChA 2011 if a cy pres occasion arises under section 62.

9. **Conclusion**

- 9.1 Should you require further advice or clarification in relation to this Legal Advice, please do not hesitate to contact Bethan Walsh (bethan.walsh@geldards.com / 029 2039 1832).

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Bethan Walsh
Senior Associate
Geldards LLP

18 July 2019

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Report Title:	Disposal of Rookwood Hospital						
Meeting:	Charitable Funds Committee				Meeting Date:	29 th June 2021	
Status:	For Discussion	x	For Assurance		For Approval	x	For Information
Lead Executive:	Executive Director of Therapies and Health Science - Director of Corporate Governance						
Report Author (Title):	Head of Risk and Regulation						

Background and current situation:

Following the re-provision of neuro and spinal rehabilitation services at University Hospital Llandough most of the current Rookwood Hospital site will become surplus to requirements. It has therefore been proposed that the Health Charity dispose of part of the Rookwood Hospital site. For reference purposes, further details of the proposed disposal, can be found at Appendix 1.

The disposal of charitable assets, particularly land and property, are subject to stringent legal processes. To guide the Charity Board of Trustees on this process legal advice on the proposed disposal has been obtained from Geldards LLP. A copy of the advice provided is attached at Appendix 2. At the time of this meeting, no formal approach has been made to the Charity Commission to discuss the disposal as the content of the legal advice adequately sets out the options available to the Charity.

The Charitable Funds Committee is asked to consider the content of the Geldards LLP advice and to recommend to the Board of Trustees a way forward for the disposal of the Rookwood Hospital.

Executive Director Opinion /Key Issues to bring to the attention of the Board/ Committee:

The key points to note from the advice are as follows:

- The existing objects of the charity state that the land, of which the disposal site forms part, must be used as a “hospital or home...for sick and disabled persons...”. The proposed sale of the site, on the open market or otherwise, will not be consistent with the existing objects of the Charity and as such it cannot be the case that the disposal of the land is made in furtherance of the charitable objects.
- The Board of Trustees must comply with sections 177 to 121 of the Charities Act 2011 (“ChA 2011”) in relation to any disposal of the land. In this regard, the Board of Trustees must obtain written advice from a properly qualified surveyor and advertise the proposed sale on the open market, for such period and in such a manner as the surveyor advises.

The Board of Trustees must follow the advice of the surveyor in relation to advertising the proposed sale, unless the surveyor advises that such action would not be in the best interests of the Charity.

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If the Board of Trustees decides not to advertise the sale (either at all or not in accordance with the surveyor's advice), then it must apply to the Charity Commission for an Order authorising the sale at an undervalue. Such an application must be made under section 105 ChA 2011 (power to authorise dealings with charity property).

In summary, the Board of Trustees is required to advertise the proposed sale in accordance with the surveyor's advice (section 119(1)(b) ChA 2011) unless permission is otherwise given by the Charity Commission. The UHB cannot proceed with a disposal without prior advertisement until it has obtained a Charity Commission Order pursuant to section 105 ChA 2011.

- The land is designated land (i.e. land that must be used for a particular purpose, in this case as a "hospital or home...for sick and disabled persons..."). As such, under section 121 of ChA 2011 (additional restrictions applying to land held for stipulated purposes) public notice of the proposed sale must be given (section 121(2)).

The exception to giving public notice under section 121(2) is where the proceeds of sale will be used to purchase replacement property for the Charity. Spending the proceeds of sale on developing other existing hospital sites is not the same as purchasing replacement property in this context.

Alternatively, the Board of Trustees can apply to the Charity Commission for a direction that section 121(2) will not apply to the proposed sale. In making the direction, the Commission must be satisfied that this is in the best interests of the Charity, so a strong case must be made.

- The land is also permanent endowment, being an asset that is intended to be held in perpetuity/forever. Where the land is sold the existing objects of the Charity will attach to the proceeds of sale as opposed to the land.

The question then arises as to how the proceeds of sale can be spent (which must be in furtherance of the existing objects). Purchasing land is an acceptable expenditure of permanent endowment but paying for buildings (which are considered to be wasting assets) would not be. In this regard, the Board of Trustees would need to obtain the Charity Commission's consent by way of an Order to expend permanent endowment on Buildings or other proposed assets, most likely with a requirement for "recoupment".

- If the Board of Trustee considers that the existing charitable objects are too restrictive and that these objects (which will attach to the proceeds of sale and continue to apply to the two sites that will remain with the Charity) should be widened/modernised, then an application must be made to the Charity Commission for a cy pres scheme pursuant to section 61 ChA 2011.

The disposal options previously submitted to the Board of Trustee were:

- 19 To enter into negotiations with Cardiff Council which has expressed an interest in the site for housing, and potentially a shared health and care facility. The Council has indicated interest in purchasing the site at full market rate; or

- 2) To pursue a sale on the open market which would be a two staged process: Firstly to invite expressions of interest for the property from a wide market audience and to for this to be lotted for various parts of the site. This would establish the full level of interest in the property and structure a sale which maximised net sale receipts. The second stage would entail a competitive informal tender process inviting those selected from stage 1 to submit detailed proposals.

Before proceeding with either course of action it is recommended that the following actions are taken:

- I. Obtain specialist advice from a Surveyor in relation to advertising the sale on the open market and for what period;
- II. If the sale proceeds are to be used for a purpose other than the acquisition of replacement land, as the case will be here, then a Public Notice will need to be issued inviting representations to be made within a time specified in the notice (not less than one month from the date of the notice) (s.121 ChA 2011). This requirement may be set aside if the Board of Trustees can satisfy the Charity Commission that it would be in the best interests of the charity to do so;
- III. Assuming that the charitable objects are too restrictive for the intended use of the sale proceeds, to make an application to the Charity Commission for a Cy Pres Scheme to or modernise the charitable objects to enable the proceeds to be used for their intended purpose(s).

It has been noted that legal advice regarding a Cy Pres Scheme was sought from Eversheds Sutherland Solicitors in 2015. At that time the Charity Commission was of the view that a cy pres case could be made on the basis that Rookwood Hospital will no longer be required once the new facility at UHL had completed

It should be noted that a Cy Pres Scheme application can be made before or after the disposal of land, however, if the scheme is obtained after the disposal, the proceeds of sale must not be spent on the new wider objects until the scheme has been properly obtained. This is not a quick process and can take between 6 and 12 months to obtain, depending on any direction by the Commission to give public notice of the proposed scheme and new purposes.

Assessment and Risk Implications (Safety, Financial, Legal, Reputational etc:)

Failure to follow the advice of Geldards LLP and more generally charity law duties, will expose the Health Charity to a risk of being found to have mismanaged the charity and its assets.

Given the location of the site, the likely interest in the site from private companies (as referenced at page 5 of Savills Disposal Strategy Paper) and the interest that the sale will draw from the public, there is a real risk that the sale will be brought to the attention of the Charity Commission if due process is not followed.

This could lead to enforcement action being taken by the Charity Commission pursuant to its statutory powers detailed in the Charities Act 2011. These powers include, Enforcement Orders (s.335 ChA 2011) to make good defaults, the imposition of an Order of the High Court (s. 336 ChA 2011) to remedy failures to comply with orders, or a direction that a formal public Inquiry be carried out.

Recommendation:

The Charitable Funds Committee is asked to:

- **AGREE** and note the legal advice of Geldards LLP copied at Appendix 2;
- **AGREE** to recommended to the Board of Trustees that the courses of action detailed at points I to III above are followed.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term		Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Yes / No / Not Applicable

If "yes" please provide copy of the assessment. This will be linked to the report when published.

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